

ORIGINAL

Decision No. 74990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
BASIN WAY WATER COMPANY, a California)
Corporation, formerly BIG BASIN WATER)
COMPANY, to transfer operating rights)
and property to MAHLON D. MCPHERSON)
and K. J. MCGRANAHAN, copartners)
doing business under the firm name)
and style of MCPHERSON-MCGRANAHAN,)
and of MCPHERSON-MCGRANAHAN to issue)
a Promissory Note and encumber)
property.)

Application No. 50665
Filed November 4, 1968

O P I N I O N

This is an application for an order of the Commission authorizing Basin Way Water Company to transfer its public utility properties and related assets to Mahlon D. McPherson and K. J. McGranahan, copartners doing business as McPherson-McGranahan, and authorizing the latter to issue a Promissory Note in the principal amount of \$44,867, and to execute and deliver a Deed of Trust.

Pursuant to authority granted by Decision No. 36071, dated December 29, 1942, in Application No. 24996, Basin Way Water Company, under its former name of Big Basin Water Company, acquired a water system serving a portion of the County of Santa Cruz. The corporation has agreed to sell its water system, together with related assets, to Mahlon D. McPherson and K. J. McGranahan for

the sum of \$126,207, of which \$81,340 is represented by cash leaving \$44,867 to be represented by a Promissory Note secured by a Deed of Trust, and repayable in annual installments of \$10,000 or more without interest in the absence of default.

The copartners report a net worth in excess of \$2,000,000. A balance sheet of the corporation as of December 31, 1967, is summarized from Exhibit G, attached to the application, as follows:

Assets

Water plant in service - net	\$215,058
Nonwater utility property - net	<u>11,013</u>
Total	<u>\$226,071</u>

Liabilities

Capital stock	\$ 91,800
Earned surplus	34,407
Advances for construction	8,472
Contributions in aid of construction	<u>91,392</u>
Total	<u>\$226,071</u>

The copartners have agreed to assume the obligations of the corporation under any main extension agreements entered into by the latter, and to make refunds of any deposits received thereunder in accordance with the terms of said agreements.

After consideration the Commission finds that: (1) the proposed transactions will not be adverse to the public interest; (2) the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required for the purpose specified herein; and (3) such purpose is not, in whole or

in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

The action taken herein shall not be construed as a finding of the value of the assets authorized to be transferred, nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. On or before March 31, 1969, Basin Way Water Company may sell and transfer, and Mahlon D. McPherson and K. J. McGranahan may purchase and acquire, public utility water properties and related assets in accordance with the Agreement for Sale and Purchase, a copy of which is attached to the application as Exhibit B.

2. Mahlon D. McPherson and K. J. McGranahan, in acquiring said assets, may issue a Promissory Note in the principal amount of not exceeding \$44,867, and may execute and deliver a Deed of Trust, which documents shall be in the same form, or in substantially the same form, as Exhibit C and Exhibit E, respectively, attached to the application.

3. Mahlon D. McPherson and K. J. McGranahan shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

4. On or before the date of actual transfer -

- a. Transferor shall refund all customers' deposits and all advances for construction, if any, which are due to be refunded at the date of transfer. Any unrefunded deposits and advances shall be transferred to and shall become the obligation for refund of the transferees.
- b. Transferor shall transfer and deliver to transferees all records, memoranda and papers pertaining to the construction and operation of the properties herein authorized to be transferred, and transferees shall receive and preserve the same.

5. If the authority herein granted to transfer properties is exercised, Mahlon D. McPherson and K. J. McGranahan, within thirty days thereafter, shall notify the Commission, in writing, of the date of completion of such transfer.

6. After the effective date of this order, and not less than five days before the date of actual transfer, Mahlon D. McPherson and K. J. McGranahan shall file with the Commission a notice of adoption of the presently filed rates and rules of the transferor in accordance with the procedure prescribed by General Order No. 96-A. The effective date of the notice of adoption shall be concurrent with the date of actual transfer. No increases

in presently filed rates shall be made unless authorized by this Commission.

7. Within forty-five days after the effective date of this order, Mahlon D. McPherson and K. J. McGranahan shall file a revised tariff service area map, appropriate general rules, and sample copies of printed forms that are normally used in connection with customers' services. Such filing shall comply with General Order No. 96-A. The effective date of the revised tariff sheets shall be four days after the date of filing.

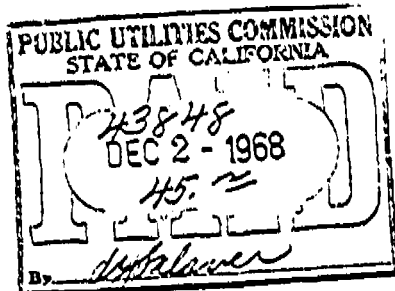
8. Upon compliance with all of the conditions of this order, Basin Way Water Company shall stand relieved of all further public utility obligations pertaining to the operations of the public utility water system herein authorized to be transferred.

9. This order shall become effective when Mahlon D. McPherson and K. J. McGranahan have paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$45.

Dated at San Diego, California,
this 26th day of NOVEMBER, 1968.

Commissioner A. W. Gatov, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Fred P. Morrissey, being necessarily absent, did not participate in the disposition of this proceeding.



William Synovius, Jr.
President

William W. Burnett

Commissioners