

Decision No. 77036

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER OF THE APPLICATION OF)
 THELMA S. SCHWIMLEY, doing business)
 as MADDEN CREEK WATER COMPANY, for)
 an order authorizing transfer of)
 the utility to EARL B. MARR and)
 ETHEL B. MARR, and for authority to)
 the latter to issue an unsecured)
 note and a note secured by a deed of)
 trust, in the total amount of)
 \$22,500.00.)

Application No. 51742
 Filed March 2, 1970

O P I N I O N

Thelma S. Schwimley, doing business as Madden Creek Water Company, seeks authority to transfer her water system to Earl B. Marr and Ethel B. Marr, doing business as Tahoe Cedars Water Company, and the latter seek authority to execute and deliver a deed of trust and to issue two notes in the aggregate principal amount of \$22,500.

Thelma S. Schwimley, doing business as Madden Creek Water Company, is engaged in the business of producing, distributing and selling water in the area of Homewood, Placer County. For the year 1969, she reports total operating revenues and net income amounting to \$3,653 and \$707, respectively. As of December 31, 1969, the reported total assets after deducting reserve for depreciation amount to \$15,158, and are offset by an equal amount of proprietary capital.

Earl B. Marr and Ethel B. Marr, doing business as Tahoe Cedars Water Company, are engaged in the business of producing, distributing and selling water near Lake Tahoe in El Dorado and Placer Counties. For the year 1969, they report total operating revenues and net income amounting to \$20,539 and \$3,292, respectively. Their reported assets and liabilities as of December 31, 1969, are summarized as follows:

Assets

Plant in service less reserve for depreciation	\$191,956
Plant acquisition adjustment	15,245
Current assets	<u>2,743</u>
Total	<u>\$209,944</u>

Liabilities

Proprietary capital	\$ 94,817
Long-term debt	8,755
Current liabilities	132
Advances for construction	53,030
Contributions in aid of construction	<u>53,210</u>
Total	<u>\$209,944</u>

Thelma S. Schwimley has agreed to sell her water system to Earl B. Marr and Ethel B. Marr for \$25,000, of which \$2,500 will constitute a cash down payment, and the balance of \$22,500 will be represented by an unsecured \$7,500 note and a \$15,000 note secured by a deed of trust on the system. The \$7,500 note will be repayable in annual installments including interest at the rate of 7% per annum with full payment to be accomplished by June 30, 1974. With respect

to the \$15,000 note, annual payments of interest will become due at the rate of 7% per annum during each of the years 1970, 1971, 1972 and 1973; \$1,150 or more, including accrued interest, will become due during 1974; and thereafter \$2,500 or more, including interest, will become due annually until the note is fully repaid.

After consideration the Commission finds that : (1) the proposed transactions would not be adverse to the public interest; (2) the money, property or labor to be procured or paid for by the issue of the notes 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 June 30, 1970, Thelma S. Schwimley, doing business as Madden Creek Water Company, may sell and transfer her water system properties to Earl B. Marr and Ethel B. Marr upon the

terms as provided in an Agreement of Sale, a copy of which is attached to the application as Exhibit A.

2. Earl B. Marr and Ethel B. Marr, in acquiring said properties, may issue notes in the principal amounts of not exceeding \$7,500 and \$15,000, and may execute and deliver a deed of trust, which documents shall be in the same form, or in substantially the same form, as those filed in this proceeding as Exhibits C, D and E, respectively.

3. Earl B. Marr and Ethel B. Marr 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, Earl B. Marr and Ethel B. Marr, within thirty days thereafter, shall notify the Commission, in writing, of the date of completion of such transfer.

6. Earl B. Marr and Ethel B. Marr shall account for the acquisition of the properties herein authorized to be transferred in accordance with the instructions relating to water plant purchased contained in the Uniform System of Accounts for Class D Water Utilities.

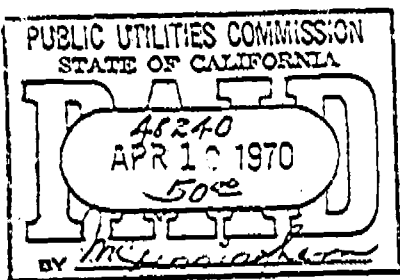
7. After the effective date of this order, and not less than five days before the date of actual transfer, Earl B. Marr and Ethel B. Marr shall file with the Commission a notice of adoption of the presently filed rates and rules of the transferor in accordance with the procedure prescribed by General 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.

8. On or before the end of the third month after the date of actual transfer Earl B. Marr and Ethel B. Marr shall cause to be filed with the Commission, in such form as it may prescribe, an annual report covering the operations of Thelma S. Schwimley, doing business as Madden Creek Water Company, for the period commencing with the first day of the current year to and including the effective date of transfer.

9. Upon compliance with all of the conditions of this order, Thelma S. Schwimley shall stand relieved of all further public utility obligations pertaining to the operations of the public utility water system herein authorized to be transferred.

10. This order shall become effective when Earl B. Marr and Ethel B. Marr have paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$50.

Dated at Los Angeles, California,
this 7th day of APRIL, 1970.



William J. ...
President

[Signature]

[Signature]

[Signature]

Vernon L. Sturgeon
Commissioners