

Decision No. 77109

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Max Hannum, doing
business as Max Hannum Water Service,
to Donald J. and Phyllis A. Manica to
buy the water system near Walnut
Grove, Sacramento County.

) Application No. 51764
) (Filed March 10, 1970)

O P I N I O N

Max Hannum, doing business as Max Hannum Water Service,
requests authority to sell and transfer and Donald J. and Phyllis A.
Manica, husband and wife, request authority to purchase and acquire a
public utility water system.

The water system is located approximately one quarter of a
mile north of Walnut Grove, Sacramento County and serves 108 customers.
The authority covering said system was granted by Decision No. 32363,
dated September 26, 1939, in Application No. 22827. The agreed cash
consideration is \$19,500.

It is alleged that applicant seller wishes to retire because
of his age and that applicant buyers, who reside within the service
area, presently operate the Grove Electric Company, which is located
in Walnut Grove. As of December 31, 1969, applicant buyers indicated
a net worth in the amount of \$79,547.

After consideration the Commission finds that the proposed
transfer would not be adverse to the public interest. A public
hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. After the effective date hereof and on or before August 1, 1970, Max Hannum may sell and transfer, and Donald J. Manica and Phyllis A. Manica may purchase and acquire, the water system herein referred to in accordance with the terms set forth in the application.

2. On or before the actual date of transfer, seller shall refund all customers' deposits and refunds currently due under advances for construction contracts, if any, which are subject to refund held by them. All unrefunded deposits and advances shall be transferred to and become the responsibility for refund of purchasers.

3. After the effective date of this order, and not less than five days before the actual transfer, purchasers shall file a notice of adoption of seller's tariffs. Such filing shall comply with General Order No. 96-A. The effective date of the notice of adoption shall be the date of actual transfer.

4. Within ninety days after the actual transfer, purchasers shall file revised rules governing service to customers, tariff service area maps, and a copy of printed forms normally used in connection with customers' services. Such filing shall be in conformity with General Order No. 96-A, and the new and revised sheets, if acceptable to this Commission, shall become effective upon the fifth day after being filed.

5. On or before the date of transfer, seller shall transfer and deliver to purchasers, and the latter shall secure and preserve all records, memoranda and papers pertaining to the construction and operation of the water system herein referred to and transferees shall receive and preserve the same.

6. Within thirty days after the consummation of the transfer herein authorized, purchasers shall notify the Commission, in writing, of the date thereof.

7. On or before the end of the third month after the consummation of the transfer as herein authorized, purchasers shall cause to be filed with the Commission, in such form as the Commission may prescribe, an annual report, or reports, related to the operations of the seller for the period commencing with the first day of the current year to and including the effective date of the transfer.

8. Purchasers shall account for the acquisition of 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.

9. Purchasers shall apply a depreciation rate of 3 percent to the original cost of depreciable plant. Until review indicates otherwise, purchasers shall continue to use this rate. Purchasers shall review their depreciation rate at intervals of five years and whenever a major change in depreciable plant occurs. Any revised depreciation rate shall be determined by (1) subtracting the estimated future net salvage and the depreciation reserve from the original cost of plant; (2) dividing the remainder by the estimated remaining life of the plant; and (3) dividing the quotient by the original cost of plant. The results of each review shall be submitted promptly to the Commission.

10. Upon compliance with all the conditions of this order, seller shall stand relieved of all further public utility obligations in connection with the operation of the public utility water system herein authorized to be transferred.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 21st
day of APRIL, 1970.

Augusta
President
J. M. ...
...
James L. Stinger
Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.