

ORIGINAL

Decision No. 79251

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of John L. Pierce)
 doing business as Mar Vista)
 Water Company to sell and)
 R. T. Whitcomb to buy the)
 water system in Santa Cruz)
 County.)

Application No. 52767
 (Filed July 21, 1971)

O P I N I O N

Applicant John L. Pierce (hereinafter called seller) seeks authority to sell and applicant R. T. Whitcomb (hereinafter called buyer) seeks authority to buy the public utility water system owned by seller, known as Mar Vista Water Company, serving 73 customers in Forest Glenn Subdivision approximately one mile east of the community of Aptos, in Santa Cruz, California. Seller acquired the system from its previous owner pursuant to the authority granted by Decision No. 69033, dated May 11, 1965 in Application No. 47361.

The water system properties consist of one 10-inch well equipped with a 20 hp turbine pump having a capacity of 200 gpm, one storage tank with a capacity of 10,000 gallons, 6,732 feet of water main, 73 services of which 19 are metered and 2 fire hydrants. As of December 31, 1970, the original cost of the property being transferred is \$22,923, the depreciation reserve is \$10,656, resulting in a net book cost of \$12,267. The selling price is \$15,000. A copy of the transfer agreement is attached to the application as Exhibit A. The agreement provides for a down payment of \$1,000 with the balance of \$14,000 to be paid in monthly installments of \$175.09, including interest at 7 percent.

Seller desires to dispose of the system because he would like to move from the area. Buyer is an investment consultant who has recently purchased a home in Aptos. He has had experience operating a well and pressure tank system used in irrigating his 13 acre orchard in Los Altos hills. Buyer's mother who has had 35 years of bookkeeping experience will have charge of the daily records and mailing statements. Buyer's son will assist part time in the operation of the system. Capitola Pump & Supply Co. will be on 24 hour emergency call. The financial statement of buyer attached to the application shows a net worth of approximately \$100,000.

The Commission finds that:

1. The proposed sale and transfer is not adverse to the public interest.
2. Buyer has the financial resources to acquire and operate the water system known as the Mar Vista Water Company.
3. It is reasonable for buyer to apply the present rates of seller in the service area of Mar Vista Water Company.
4. The money, property or labor to be procured or paid for by the issue of the indebtedness herein authorized is reasonably required for the purposes specified herein, and such purposes are not, in whole or in part, reasonably charged to operating expenses or to income.
5. A public hearing is not necessary.

On the basis of the foregoing findings the Commission concludes that the application should be granted as provided in the following order.

The authorization herein granted shall not be construed as a finding of the value of the rights and properties herein authorized to be transferred nor as indicative of the 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 after the effective date hereof and on or before December 31, 1971, John L. Pierce (seller), doing business as Mar Vista Water Company, may transfer and sell to R. T. Whitcomb (buyer), and the latter may acquire the public utility water system referred to herein together with the operating rights pertaining thereto, substantially in accordance with the terms of the Agreement of Sale attached to the application herein.

2. Buyer shall file, within ten days after the effective date of the transfer, a notice of adoption of the presently filed rates and rules of seller, in accordance with the procedure prescribed by General Order No. 96-A. No increases in the presently filed rates shall be made unless authorized by this Commission.

3. On or before the date of actual transfer, seller shall refund all customers' deposits and advances for construction, if any, which are due and payable as of the date of transfer. All unrefunded deposits and advances shall be transferred to buyer, who shall be responsible for their refund when due.

4. On or before the date of actual transfer of the properties herein authorized, seller shall transfer and deliver to buyer and the latter shall receive and preserve all records, memoranda and papers pertaining to the construction and operation of the properties herein authorized to be transferred.

5. On or before the end of the third month after consummation of the transfer as herein authorized, buyer 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 seller for the period commencing with the first day of the current year to and including the effective date of the transfer.

6. On or after the effective date hereof and on or before December 31, 1971, buyer may issue an installment note in the amount of \$14,000 in the form of the installment note attached to the application herein.

7. Within ten days after the actual date of transfer, seller and buyer jointly shall file in this proceeding (a) a written statement showing the date of transfer and the date upon which buyer assumed operation of the water system herein authorized to be transferred, and (b) a true copy of each instrument of transfer of said water system and operating rights.

8. Buyer shall file, within ninety days after the effective date of the transfer, two copies of the current water system map, required by paragraph I.10.a. of General Order No. 103, of the water system facilities herein authorized to be transferred.

9. Upon completion of the sale and transfer authorized herein and upon compliance with all the terms and conditions of this order, seller shall be relieved of his public utility obligations in connection with the utility system herein authorized to be transferred.

The authority herein granted to issue a note will become effective when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$50. In other respects the effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 19th day of OCTOBER, 1971.

[Signature]
Chairman
William J. Lyons
[Signature]
Vernon L. Sturgeon
[Signature]
Commissioners

