

ORIGINAL

Decision No. 82145

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Duard L. Walker and
Dorothea V. Walker doing business
as Meadowbrook Water Company to sell
and Fred H. Walker, Jr. and Doris R.
Walker to buy the water system in
Merced County.

Application No. 54347
(Filed September 26, 1973)

O P I N I O N

Duard L. Walker, Dorothea V. Walker, Fred H. Walker, Jr., and Doris R. Walker, doing business as Meadowbrook Water Company, request authority to sell and transfer, and Fred H. Walker, Jr., and Doris R. Walker request authority to purchase and acquire, a public utility water system.

The certificate of public convenience and necessity authorizing the operation of the system was granted by Decision No. 54275 dated December 18, 1956 in Application No. 38374.

The water system, which is located one and one-half miles northwest of Merced, includes two wells, a 20-horsepower and a 30-horsepower pump, four storage tanks, with a total capacity of 70,500 gallons, and serves 450 customers.

Applicant purchasers presently have a one-half interest in the water system. The agreed consideration for the other half interest is \$48,500 payable as follows: \$14,000 cash and the balance payable in annual installments of \$3,350, with interest at the rate of six percent per annum.

Applicants Duard L. Walker and Dorothea V. Walker are residents of Wisconsin and applicant purchasers have operated the system for 18 years. As of May 16, 1973, applicant purchasers indicated a net worth in the amount of \$721,078.

After consideration the Commission finds that the proposed transfer would not be adverse to the public interest; that the proposed security issue is for proper purposes; and that the money, property, or labor to be procured or paid for by the issue of the security authorized by this decision is reasonably required for the purposes specified, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. A public hearing is not necessary.

We find with reasonable certainty that the project involved in this proceeding will not have a significant effect on the environment.

The authorization granted shall not be construed as a finding of the value of the rights and properties authorized to be transferred.

Fred H. Walker, Jr., and Doris R. Walker are placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the State as the consideration for the grant of such rights. Aside from their purely permissive aspect, such rights extend to the holder a full or partial monopoly of a class of business. This monopoly feature may be modified or canceled at any time by the State, which is not in any respect limited as to the number of rights which may be given.

O R D E R

IT IS ORDERED that:

1. On or before May 1, 1974 Duard L. Walker and Dorothea V. Walker may sell and transfer their interest in the water system known as Meadowbrook Water Company to Fred H. Walker, Jr., and Doris R. Walker.

2. Within thirty days after the transfer, applicant purchasers shall file with the Commission a true copy of the bill of sale or other instrument of transfer and shall amend their tariff presently on file with this Commission to reflect the transfer of interests herein authorized.

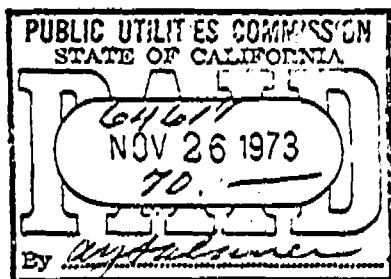
3. Upon completion of the sale and transfer authorized by this order and upon compliance with all the terms and conditions of this order, Duard L. Walker and Dorothea V. Walker shall be relieved of their public utility obligations in connection with the utility system transferred.

4. After the effective date hereof, Fred H. Walker, Jr., and Doris R. Walker, for the purposes specified in this proceeding, may execute evidence of indebtedness in an amount not to exceed \$34,500.

The issuer of the securities authorized by this order shall file with the Commission a report, or reports, as required by General Order No. 24-Series.

The authority granted by this order to issue an evidence of indebtedness will become effective when the issuer has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$70. In other respects the effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 20th
day of NOVEMBER, 1973.



William Lygon President
[Signature]
[Signature]
[Signature] Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate
-3- in the disposition of this proceeding.