

Decision No. 82290

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of GRACE A. STEWART  
doing business as STEWART WATER  
COMPANY to sell and RAY MAHANES  
and STACIA MAHANES to buy the  
water system in TULARE COUNTY.

Application No. 54449  
(Filed November 14, 1973)

O P I N I O N

Grace A. Stewart requests authority to sell and transfer, and Ray Mahanes and Stacia Mahanes request authority to purchase and acquire, a public utility water system.

The water system is located in Visalia and serves 15 customers. It consists of two wells, a 2,000 gallon storage tank, and 1,500 feet of distribution mains. The original cost of the system was \$9,935 and as of December 31, 1972 the depreciated value was \$3,424. The agreed consideration is \$5,000, \$3,219.04 of which is to be paid in monthly installments of \$41.80 with interest at the rate of 7 percent per annum.

It is alleged that applicant seller is unable to continue the operation of the water system because of her age; that applicant purchasers own property which joins the property upon which the wells are located; and that applicant purchasers have contracted with a private company for the maintenance of the system.

After consideration the Commission finds that:

1. The proposed transfer would not be adverse to the public interest.
2. The proposed security issue is for proper purposes.
3. The property to be processed 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.

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

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

6. A public hearing is not necessary.

The Commission concludes that the application should be granted.

Ray Mahanes and Stacia Mahanes 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 holders 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 August 1, 1974, Grace A. Stewart may sell and transfer the water system referred to in the application to Ray Mahanes and Stacia Mahanes.

2. As a condition of this grant of authority, purchasers shall assume the public utility obligations of seller within the area served by the water system being transferred and shall assume liability for refunds of all existing customer deposits and advances pertaining to the water system being transferred.

3. Within ten days after completion of the transfer, purchasers shall notify the Commission, in writing, of the date of completion and of the assumption of the obligations set forth in paragraph 2 of this order.

4. Purchasers shall either file a statement adopting the tariffs of seller now on file with this Commission or refile under its own name those tariffs in accordance with the procedures prescribed by General Order No. 96-A. No increase in rates shall be made unless authorized by this Commission.

5. On or before the date of actual transfer, seller shall deliver to purchasers, and the latter shall receive and preserve, all records, memoranda, and papers pertaining to the construction and operation of the water system authorized to be transferred.

6. On or before the end of the third month after the date of actual transfer purchasers shall cause to be filed with the Commission, in such form as it may prescribe, an annual report covering 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.

7. Upon compliance with all of the terms and conditions of this order, seller shall be relieved of her public utility obligations in connection with the water system transferred.

8. On or after the effective date of this order and on or before August 1, 1974, for the purposes specified in this proceeding, purchasers may issue an evidence of indebtedness in the principal amount of not exceeding \$3,219.04.

9. 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.

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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 \$75. In other respects the effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 3<sup>rd</sup>  
day of JANUARY, 1974

Vernon L. Spurgeon  
President  
William Synovitz

[Signature]  
[Signature]  
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

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Decision No. 82892

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of GRACE A. STEWART  
doing business as STEWART WATER  
COMPANY to sell and RAY MAHANES  
and STACIA MAHANES to buy the  
water system in TULARE COUNTY.

Application No. 54449  
(Filed November 14, 1973)

ORDER OF MODIFICATION

By Decision No. 82290 dated January 3, 1974, Ray Mahanes and Stacia Mahanes were authorized to purchase a public utility water system and to execute a promissory note in the amount of \$3,219.04. Through inadvertence the order required the payment of a fee of \$75 instead of \$50 as required by Section 1904(b).

Therefore, IT IS ORDERED that Decision No. 82290 is amended by requiring a fee of \$50 to be paid by applicant purchasers in compliance with Section 1904(b) of the Public Utilities Code instead of \$75.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 21st  
day of May, 1974.

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.

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

VERNON L. STURGEON

President

WILLIAM SYMONS, JR.

J. P. VUKASIN, JR.

Commissioners

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SECRETARY  
PUBLIC UTILITIES COMMISSION  
STATE OF CALIFORNIA

