

**ORIGINAL**Decision No. 82642

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of JAMES R. MILLS, to sell  
and Application of IRVIN N. COOPER and  
MARYLYNN S. COOPER to purchase that  
certain utility property known as SNOBOWL  
WATER SYSTEM and that certain utility  
known as SLIDE INN WATER COMPANY.

Application No. 54408  
(Filed October 25, 1973)

O P I N I O N

Applicant James R. Mills, an individual doing business as Snobowl Water Company and as Slide Inn Water Company, both of which are public utility water corporations, requests authority to sell and transfer the two water systems to Irvin N. Cooper and Marylynn S. Cooper, husband and wife. Both Coopers join in the application and request approval of the transfer. The application was noticed in the Commission's Daily Calendar of October 26, 1973. No protests to the granting of the application have been received.

The Snobowl Water Company is in and adjacent to Snobowl Sub-division No. 1 located about 21 miles east of Sonora on State Highway 108, Tuolumne County, and is the water supply for approximately 28 customers. The system has two wells and two storage tanks, one tank with a 12,500-gallon capacity and one with a 10,000-gallon capacity. The Slide Inn Water Company which serves 91 customers and is located one-half mile to the southwest of the Snobowl Water Company has four wells and two 40,000-gallon storage tanks. The buyer, Irvin Cooper, is presently managing the utilities from his residence in Nevada but proposes to move to Sonora and assume operating control when this application has been approved. The Commission's staff investigation revealed that the buyer is an accountant by profession and has had mechanical experience to qualify for water system management.

The buyers, Irvin N. Cooper and Marylynn S. Cooper, have agreed to purchase the two water systems for a purchase price of \$37,500 consisting of a down payment of \$6,000 with the balance payable at the rate of \$250 or more per month starting September 15, 1973, to and including December 15, 1973, then \$3,000 per year or more, said payment is to include 7 percent per annum on the unpaid balance, beginning January 15, 1974. The purchase price less the down payment shall be supported by a note secured by a deed of trust dated October 19, 1973, with all principal due ten years from the latter date.

The tabulation which follows sets forth the balances in the accounts constituting components of rate base for Snobowl Water Company and Slide Inn Water Company as of December 31, 1972, as set forth in Exhibit "C" in Application No. 54408. The amounts shown in the tabulation agree with the amounts set forth in the 1972 annual reports for these utilities filed with this Commission.

Item	Snobowl Water Company	Slide Inn Water Co.	Total
Water Plant in Service	\$27,947	\$32,042	\$59,989
Reserve for Depreciation	(6,243)	(9,120)	(15,363)
Water Plant Less Reserve	21,704	22,922	44,626
Materials and Supplies	-	113	113
Contributions in Aid of Construction	(5,306)	(3,517)	(8,823)
Net Plant Investment	16,398	19,518	35,916

(Red Figure)

On January 17, 1974, the owner of these utilities, Mr. James R. Mills, submitted to the staff of the Commission a copy of a standard form of main extension agreement executed between himself and the utility on January 15, 1974, effective July 28, 1970, for the intract facilities in Snobowl Subdivision No. 2. To record this executed extension agreement Snobowl should record on its books of account the following adjusting entry:

A. 54408 Imm

	<u>Debit</u>	<u>Credit</u>
A/C 204 - Proprietary Capital	\$4,311	
A/C 241 - Advances for Construction		\$4,311
To record extension agreement executed 1/15/74 effective 7/28/70		

The purchase price for the two water systems will exceed the net utility plant investment by approximately \$5,895 plus the accrued depreciation from December 31, 1972 to date of transfer less accrued unpaid refunds on the advance contract to date of transfer. The latter amount will not be included in the earnings base in any future rate proceeding except to the extent that refunds are made on the advance contract.

Mr. Cooper, during the course of a conversation with the staff, stated that the above cash flow could be increased by effecting certain economies in the operations of the two systems. Mr. Cooper is also employed as an accountant on a full-time basis and indicated that he will be in a position to contribute additional funds to funds generated by the water system to meet the payments on the note as they become due should the need arise. He also indicated that he is not relying on the income of the two water systems for his livelihood.

The proposed security issue is for proper purposes and 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.

After consideration the Commission finds that the proposed transfer is not adverse to the public interest. A public hearing is not necessary. The application should be granted. The Commission further finds 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.

O R D E R

IT IS ORDERED that:

1. On or before June 30, 1974, James R. Mills may sell and transfer the water system (and other assets) referred to in the application to Irvin N. Cooper and Marylynn S. Cooper.

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. Purchasers shall send notice of the assumption of liability for refunds to all customers affected.

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 their 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, annual reports 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. On or after the effective date of this order and on or before June 30, 1974, for the purposes specified in this proceeding, transferee may issue an evidence of indebtedness in the principal amount of not exceeding \$31,500, and may execute and deliver an encumbering document, which documents shall be in substantially the same form as those attached to the application.

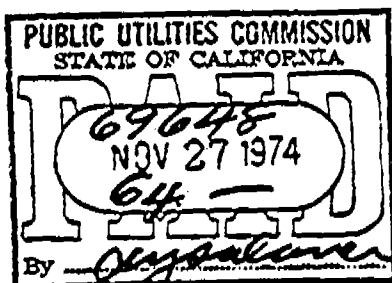
8. The authority granted by this order to issue an evidence of indebtedness and to execute and deliver an encumbering document will become effective when the issuers have paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$64.

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.

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

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 26<sup>th</sup> day of MARCH, 1974.



Vernon L. Spurgeon  
President  
William J. Jones, Jr.

[Signature]  
[Signature]  
Commissioners

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