

Decision No. 85025

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of FRANK G. and MARY H. SANCHEZ, Owners doing business as MECCHI WATER COMPANY, to sell, and RUTH MARY ORDANZ to purchase MECCHI WATER COMPANY, a public utility water system.

Application No. 55745
(Filed June 18, 1975)

O P I N I O N

This application was filed to request authority to transfer a water system in or near Morgan Hill, Santa Clara County, California, which serves approximately 25 flat rate customers. The transaction includes the purchase of approximately one-fourth acre of land with a residence located thereon in addition to the water utility facilities. Sellers' 1974 annual report filed with this Commission shows a December 31 balance of \$10,000 for water plant in service. Nothing is shown for the depreciation reserve. In a previous transfer proceeding, Decision No. 69644 dated September 8, 1965 in Application No. 47723, we stated "...sellers' 1964 annual report to this Commission shows total utility plant of \$5,995 and a depreciation reserve of \$4,995, leaving a net plant of \$1,000. The annual report shows no customers' deposits, advances for construction or contributions in aid of construction..."

The Mecchi system consists of approximately 1,600 feet of water mains, most of which are 2- and 3-inches in diameter. The total water supply is obtained from one 10-inch diameter well of approximately 140 feet depth. There is a 10,000-gallon hydro-pneumatic tank which helps to maintain operating pressures within acceptable limits.

Rates and Rules

Sellers' present rates were filed in 1972 and consist of both flat and meter rate schedules. The flat rates are \$6 per month for a residence on a single lot, and \$4 per month for each additional residence on the same lot. The meter rate, which is not now in use, provides for a minimum charge of \$4 per month for a 5/8 x 3/4-inch meter with additional charges for monthly consumption in excess of 400 cubic feet, and higher minimum charges for larger meters.

Most of sellers' rules were filed in 1966. Buyer proposes to adopt those rules along with sellers' present rates. Rules Nos. 5, 7, 11 and 19 do not reflect up-to-date practices and new rules reflecting such practices should be filed. The order in this proceeding will so provide.

Transfer Data

This entity was proclaimed to be a public utility by the Commission in its Decision No. 42487 dated February 8, 1949 in Case No. 4976. The initial owners, Cecil and Christine Foust, subsequently sold the utility to Alladino B. and Norma Mecchi by authority of Decision No. 43413 dated October 18, 1949 in Application No. 30674.

During 1966 the utility and other properties were purchased from Edward A. Uhl, the owner of record with this Commission. No transfer was requested and Uhl reportedly died in January, 1967 before a request for transfer could be filed. On July 20, 1973, the same properties were transferred to Ruth Mary Ordanz, buyer in this proceeding, from Frank G. and Mary H. Sanchez, sellers in this proceeding, once again without benefit of an application for transfer. The present proceeding is an attempt to clarify ownership. The description shown in the grant deed included as Exhibit A to the application is identical to the description shown in Decision No. 43413.

The present operator is the brother of the proposed buyer. He has been satisfactorily operating the utility for several months. During a field inspection on August 28, 1975 by a staff engineer, the rules and tariffs were reviewed with the operator to make certain that they were understood and followed. Customers interviewed were satisfied with the service.

Purchaser's financial ability is indicated by her financial statement, Exhibit B to the application. The application states that the buyer will refund customer deposits when due and that there are no outstanding main extension advances. Buyer states that there are no customer deposits, a statement supported by the utility's 1974 annual report.

Findings

1. Mecchi Water Company is a public utility pursuant to Commission Decision No. 42487 dated February 8, 1949 in Case No. 4976.
2. The utility was transferred to Frank G. and Mary H. Sanchez and again to Ruth Mary Ordanz without the prior authorization from this Commission required by Section 851 of the Public Utilities Code.
3. The property description shown in Exhibit A is identical to the description shown in Decision No. 43413 dated October 18, 1949 in Application No. 30674.
4. Rules Nos. 5, 7, 11, and 19 do not reflect up-to-date practices and should be refiled.
5. Buyer has the ability to acquire and operate sellers' water system without interruption in service.
6. There are no known customer deposits and no advances for construction against the properties to be acquired.
7. Upon completion of the proposed transfer sellers will no longer be performing public utility service.
8. The transfer is not adverse to the public interest.
9. A public hearing is not necessary.

Conclusions

1. The application should be granted as herein provided.
2. 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 before one year after the effective date of this order, Frank G. and Mary H. Sanchez may sell and transfer the water system referred to in the application to Ruth Mary Ordanz.
2. As a condition of this grant of authority, buyer shall assume the public utility obligations of sellers within the area served by the water system being transferred.
3. Within ten days after completion of the transfer, buyer shall notify the Commission, in writing, of the date of completion and of the assumption of the obligation set forth in paragraph 2 of this order.
4. Within ten days after completion of the transfer, buyer shall file a statement adopting the tariffs of sellers now on file with this Commission. No increase in rates shall be made unless authorized by this Commission.
5. Within forty-five days after completion of the transfer, buyer shall file revised copies of Rules Nos. 5, 7, 11, and 19 which reflect up-to-date practices of operation.
6. On or before the actual date of completion of the transfer, sellers shall deliver to buyer, 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.

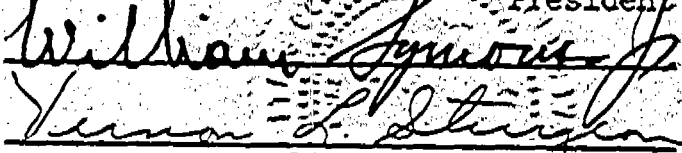
7. On or before the end of the third month following the actual date of completion of the transfer, buyer shall cause to be filed with the Commission, in such form as it may prescribe, an annual report covering the operations of sellers for the period commencing with the first day of the current year to and including the actual date of completion of the transfer.

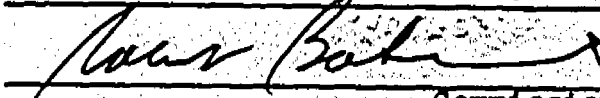
8. Upon compliance with all of the terms and conditions of this order, sellers shall be relieved of their public utility obligations in connection with the water system transferred.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 21st day of OCTOBER, 1975.



President




Commissioners

Commissioner Leonard Ross, being necessarily absent, did not participate in the disposition of this proceeding.