

ORIGINAL

Decision No. 6254

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application)
of J. A. McFEELY for permission)
to sell the distributing water sys-)
tem at Chico Vecino, Chico, Califor-)
nia, to B. E. Steffen.)

Application No. 4254.

J. A. McFeely in propria persona.
 B. E. Steffen in propria persona.

BY THE COMMISSION:

O P I N I O N

J. A. McFeely seeks authority in above application to convey to B. E. Steffen distributing system by which he served water in a portion of Chico, Butte County. Mr. Steffen joins in the application.

A public hearing upon the application was held by Examiner Westover at Chico in connection with hearing on Application No. 4255, in which Mr. Steffen asks the establishment of metered rates.

The distributing system in question consists of about 18,800 feet of 3 inch main, about 500 feet of 2½ inch main, about 950 feet of 2 inch main and about 200 feet of 1½ inch mains, which were installed new by Mr. McFeely between 1904 and 1915, and at the time of transfer served about 77 consumers at a flat rate of \$1.50 per month.

each, a rate which Mr. Steffen has since continued in effect. The property was transferred to Mr. Steffen in March, 1917, for a cash consideration of \$3900. Since that time he has been operating it as part of his system, serving adjacent territory.

Mr. McFeely was unable to state the cost to him of the property transferred or its cost less accrued depreciation at the time of transfer, but it is clear from the testimony that cost less accrued depreciation was far in excess of the purchase price. Under the circumstances, it is unnecessary to make a valuation of the property. The reason given by Mr. McFeely for making the sale was the fact that Mr. Steffen was paralleling his system and taking over his consumers; and the further fact that he was and is engaged in other business requiring his time.

The Public Utilities Act provides means for protecting investors in public utility property against competition while they are furnishing adequate service at reasonable rates and the Commission has applied the principle in numerous instances. When asked why he had not applied to the Commission for protection, applicant stated that at that time he did not know his rights or what provision had been made by law to safeguard them.

The testimony shows that Mr. Steffen has storage tanks at greater elevation than the storage on the McFeely system; that he is drilling an additional well and will be able to furnish to the consumers on the McFeely system sufficient water at adequate pressure and at rates no higher than those previously in effect, except as they may be modified by the rates established by the Commission

pursuant to Application No. 4254, already referred to.

The application requests the Commission to ratify the sale made in March, 1917. There is no provision of law under which this can be done as the Public Utilities Act provides that sales made without the previous approval of the Commission are void. It will therefore be necessary to execute new transfers subject to the conditions found in the order.

O R D E R

J. A. McFeely having applied to the Commission for ratification of the sale made to B. H. Steffen in March, 1917 of a water distributing system serving a portion of Chico, Butte County, in which application said Steffen joins, and a public hearing having been held thereon, and the matter having been submitted and being now ready for decision,

IT IS HEREBY ORDERED that J. H. McFeely be and he is hereby authorized and empowered to hereafter transfer and convey to B. H. Steffen all of the water distributing system formerly operated by him in and about Chico, Butte County, said property consisting of about 18,800 feet of 3 inch main, 500 feet of 2½ inch main, about 950 feet of 2 inch main and about 200 feet of 1½ inch mains.

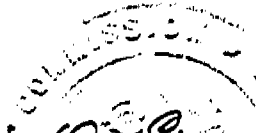
The transfer hereby authorized is upon the following conditions, to-wit:

1. This authority shall extend only to such public utility property as may be hereafter conveyed within thirty (30) days from date hereof.

2. Copy of said conveyance to be hereafter executed shall be filed with the Commission.

3. Nothing herein contained shall be construed in any other proceeding before any court, tribunal or public authority as a finding of the value of said property for any purposes other than that of this proceeding.

Dated at San Francisco, California, this 14th
April
day of ~~March~~, 1919.


Edwin O. Edgerton
H. J. Brinkley
William K. Newby
H. C. Brinkley
James M. Astor
Commissioners.