

Decision No. 28392

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of JOSEPH J. GUAY and RETTA E.
GUAY, co-partners doing business
under the name and style of LUCERNE
WATER, LIGHT and POWER COMPANY, and
PAUL STRONG and SARAH STRONG, his
wife, for an order of the Railroad
Commission authorizing the former to
sell to the latter the water distri-
bution system herein described.

ORIGINAL

Application
No. 27035

BY THE COMMISSION:

O P I N I O N

This is an application for an order of the Railroad Commission authorizing Joseph J. Guay and Retta E. Guay to sell certain water properties to Paul Strong and Sarah Strong and authorizing the purchasers to execute a deed of trust and a mortgage of chattels and to issue a note for \$6,000.

The application shows that Joseph J. Guay and Retta E. Guay, co-partners doing business under the firm name and style of Lucerne Water, Light and Power Company, are engaged in furnishing and supplying public utility water service in and about the Town of Lucerne in Lake County. The latest annual report covering the operations of the water system shows, as of December 31, 1944 an investment in fixed capital of \$20,446.71 and a reserve for depreciation of \$3,636.00. The report further shows, for 1944, operating revenues of \$1,933.90 and operating expenses, including taxes and depreciation, of \$2,439.97. At the end of the year the water system supplied water to 44 domestic consumers.

The Commission, in its Decision No. 17201, dated August 11, 1926, granted to Verne L. Olson a certificate of public convenience and necessity

to operate a public utility water system in and about the Town of Lucerne. Thereafter, by Decision No. 27859, dated April 1, 1935, it authorized the transfer of the system to J. Lowell Annette and Lillian Annette and still later, by Decision No. 38002, dated June 19, 1945, the transfer by the Annettes to Joseph J. Guay and Retta E. Guay, the present owners.

It appears that the Guays now desire to retire from the water business and to engage in other activities. Accordingly, they have made arrangements to sell the water properties, for \$8,500, to Paul Strong and Sarah Strong. A copy of the agreement, dated October 6, 1945, between the sellers and the purchasers is on file in this proceeding as Exhibit "A".

In order to finance in part the total purchase price, the Strongs report that it is necessary for them to borrow the sum of \$6,000 and that they have made arrangements to obtain said sum from E. P. Sailor, provided that they execute to him a promissory note in the face amount of \$6,000 to be payable in semi-annual installments of \$350 beginning on April 6, 1946, with interest on deferred payments at the rate of 6% per annum, and to secure the payment of the note through the execution of a deed of trust and a mortgage of chattels on the real and personal property of the utility. A copy of the proposed note is attached to the application herein as Exhibit "D"; a copy of the proposed deed of trust as Exhibit "E"; and a copy of the proposed mortgage of chattels as Exhibit "F".

The proposed instruments appear to be in satisfactory form. An order authorizing the transfer and the execution of the deed of trust, the mortgage of chattels and the note will be entered.

The certificate of public convenience and necessity authorized to be transferred is subject to the provisions of law that the Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration.

for the issuance of such certificate of public convenience and necessity or right.

The action taken herein shall not be construed to be a finding of value for any purpose other than the proceeding herein involved.

O R D E R

Joseph J. Guay and Retta E. Guay and Paul Strong and Sarah Strong, having applied to the Railroad Commission for an order authorizing the transfer of properties, the execution of a deed of trust and a mortgage of chattels, and the issue of a note, and the Commission having considered this matter and being of the opinion that a public hearing is not necessary, that the money, property or labor to be procured or paid for through the issue of the note is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, and that the requests of applicants should be granted as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. Joseph J. Guay and Retta E. Guay, after the effective date hereof and on or before December 31, 1945, may sell and transfer to Paul Strong and Sarah Strong the water properties referred to in the foregoing opinion and in this application, including the certificate of public convenience and necessity defined in the order in Decision No. 17201, such sale and transfer to be in accordance with the terms and conditions of the agreement, dated October 6, 1945, filed in this proceeding as Exhibit "A".

2. Paul Strong and Sarah Strong, after the effective date hereof and on or before December 31, 1945, may issue a note in the principal amount of \$6,000 in the same form as that filed in this proceeding as Exhibit "D" for the purpose of financing in part the purchase price of said water properties, and may execute a deed of trust and a mortgage of chattels in, or substantially in, the same form as those filed in this proceeding as

Exhibits "E" and "F" respectively.

3. Joseph J. Guay and Retta E. Guay shall file with the Commission, on or before December 31, 1945, a certified copy of each instrument executed to convey said properties to Paul Strong and Sarah Strong and a statement indicating the date upon which they relinquished control of said properties.

4. Joseph J. Guay and Retta E. Guay, on or before the date of actual transfer of said water properties, shall refund all deposits which consumers are entitled to have refunded under the utility's filed rates, rules and regulations, and shall file with the Commission, on or before December 31, 1945, a written statement showing disposition of any such deposits, or indicating that no deposits existed.

5. Joseph J. Guay and Retta E. Guay, upon compliance with this order and upon transfer of the water properties to Paul Strong and Sarah Strong, may cease furnishing and supplying water service and shall be relieved of all public utility obligations and liabilities.

6. Paul Strong and Sarah Strong, if they acquire the aforesaid water properties, shall furnish and supply water service to the public under and in accordance with the rates, rules and regulations heretofore filed with the Commission by Joseph J. Guay and Retta E. Guay and shall adopt as their own said rates, rules and regulations.

7. Paul Strong and Sarah Strong shall file with the Commission on or before February 28, 1946, in quadruplicate, a map or sketch, drawn to an indicated scale, upon a sheet approximately 8 1/2 inches, delineating thereon in distinctive markings, the boundaries of the present service area and the location thereof with surrounding territory, and a comprehensive map, drawn to an indicated scale of not less than 600 feet to the inch, delineating the area served in and about Lucerne, Lake County, and its location with reference to the source of supply and surrounding territory, such map to show the source and the date thereof and to include data sufficient to determine clearly the location of the various properties comprising the service area,

it being understood, however, that the filing of such maps or sketch shall not be considered as a conclusive determination of the dedicated area of service, or any portion thereof.

8. The authority herein granted shall become effective when Paul Strong and Sarah Strong have paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is Twenty-five (\$25.00) Dollars.

Dated at San Francisco, California, this 13th day of November, 1945.

Harold Rudman
Justice F. Crocker
Thomas W. ...
Edward J. ...
Commissioners

