

Decision No. 38570

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

Application of DOROTHY M. KOEHLER,  
D. L. KOEHLER, LUCILLE PITTS HAYS,  
and MARY OPAL SOWLES for authoriza-  
tion to transfer the Kettleman City  
Water System and certificate to  
LUTHER H. PENIX and JANE PENIX.

Application No. 27005

OPINION AND ORDER

Applicants seek authority to transfer a water system serv-  
ing in and near the unincorporated town of Kettleman City, Kings  
County.

Kettleman City was subdivided in 1929 by A. Manford Brown,  
who installed a water system but made no charge for water service.  
In 1932 a certificate was issued to J. C. Lewis, authorizing utility  
operation of that system. (Re Lewis, 37 C.R.C. 100.). In 1934  
Lewis was authorized to transfer the certificate and the utility  
properties to A. Manford Brown. (Decision No. 27167, Application  
No. 19461.)

According to the present application, in September of 1939  
A. Manford Brown deeded an undivided half interest in the system  
to Dorothy M. Brown, now Dorothy M. Koehler, there being no cash  
consideration therefor. Brown died in 1941, and in 1944 the pro-  
bate court entered a final account and decree of distribution.  
(Estate of Brown, Probate No. 3865, Superior Court, Kings County.)  
Such decree, in accordance with the will, distributed the other un-  
divided half interest in the system to two daughters, Mary Opal

Sowles and Lucille Pitts Hays, in equal shares. Said daughters reside in Arizona.

On October 31, 1944 Dorothy M. Brown (Dorothy M. Koehler) deeded an undivided quarter interest in the system to D. L. Koehler for a cash consideration of \$600. About December 4, 1944 Lucille Pitts Hays and Mary Opal Sowles each deeded an undivided quarter interest to D. L. Koehler, for cash considerations of \$350 each. All of such deeds were recorded.

In April of 1945 Dorothy M. Koehler (formerly Dorothy M. Brown) deeded an undivided quarter interest in the system to the two individuals who now seek authority to acquire and thereafter operate the utility system, Luther H. Penix and Jane Penix. At the same time D. L. Koehler deeded to said individuals an undivided three-quarter interest in the system. Both such deeds were recorded. The consideration therefor was \$2,050.

The application states that the above conveyances were made without knowledge of the requirement of Commission authorization. The Koehlers, who now reside at Morro Bay, desire to transfer because of inability to make needed repairs to the system. The purchasers have lived in Kettleman City for fifteen years. Luther H. Penix is president of the Chamber of Commerce of Kettleman City. He is familiar with the water system, having been an employee thereof at various times. It is his desire and intention to make necessary repairs and improvements designed for the betterment of service.

A field investigation has been made, and while the information so obtained is not a part of the record, it appears therefrom that Mr. Penix is an employee of North Dome Oil Company. Since assuming management of the system in May of 1945 he has installed

a new steel storage tank, reconditioned the well, and replaced some 450 feet of pipe with pipe of larger sizes, at a cost in excess of \$2,000. He estimates that it will be necessary to replace additional pipe lines within the next two years at a cost of from \$4,000 to \$5,000. The field investigation also indicates that revenue for the twelve months ending April 30, 1945 was \$2,690.03, while expenses (after adjusting for \$415.79 properly chargeable to fixed capital, and with no provision for depreciation expense) were \$1,533.91, resulting in a net revenue of \$1,156.12. The system has seventy-two customers.

The certificate of public convenience and necessity authorized to be transferred herein is subject to the following 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.

Public hearing appearing unnecessary, IT IS ORDERED that Dorothy M. Kochler and D. L. Kochler may transfer the Kettleman City Water System, and the certificate authorizing operation thereof, to Luther H. Penix and Jane Penix; and Dorothy M. Kochler, D. L. Kochler, Lucille Pitts Hays, and Mary Opal Sowles are each hereby relieved of all public utility obligations in connection with said system.

Luther H. Penix and Jane Penix are hereby directed to make the following filings with the Commission on or before March 1, 1946:

1. To file four copies of rates for water service, such rates in no respect to be

higher than rates presently on file for such service.

2. To file four sets of rules and regulations governing relations with customers, each set to contain a map or sketch, drawn to an indicated scale and about 8-1/2 by 11 inches in size, showing the area served and location thereof relative to surrounding territory;

3. To file four copies of a comprehensive map or sketch, drawn to an indicated scale of not less than 400 feet to the inch; delineating by appropriate markings the various tracts of land in the area served. Such map should be reasonably accurate, show source and date, and include sufficient data to determine clearly the location of the various properties comprising the area served. The filing of service area maps shall not be construed as the determination or establishment of the dedicated area of service.

This order shall become effective immediately.

Dated, San Francisco, California, this 38<sup>th</sup> day of

December, 1945.

Harold C. Adams

Justus J. Craven

Frank W. Clark

Isaac H. Kuehl

Harold P. Kuls

Commissioners