

Decision No. 45184**ORIGINAL**

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 GUSTAF EINAR RICKTER, an individual  
 doing business under the fictitious  
 name and style of Rio Dell Water  
 Works, and ANGELINA ROVAI, an indi-  
 vidual doing business under the  
 fictitious name and style of New  
 Rio Dell Water Company, and  
 JULIO ROVAI and LOUIS ROVAI, for  
 an order authorizing permission to  
 transfer water rights and water  
 system.

Application No. 31724

O P I N I O N

By the above-entitled application, Gustaf Einar Rickter asks authority to sell his public utility water system in the northern portion of the present town of Rio Dell, Humboldt County, and Angelina Rovai, Julio Rovai, and Louis Rovai seek permission to buy said system and to serve the customers thereof at the same schedules of rates now in force and effect on the water utility system presently operated by Angelina Rovai in the area adjacent to and to the south of the Rickter system.

A public hearing on the application was held before Examiner Emerson on November 28, 1950, at Rio Dell, California. At the hearing, the application was amended so as to make Angelina Rovai the sole purchaser, Julio Rovai and Louis Rovai thereby withdrawing from the application.

Gustaf Einar Rickter, or his predecessors in interest, has continuously operated a water utility system in the town of Rio Dell since about 1910, using springs and wells as a source of water. From

the springs in the hills above the town, water flows by gravity through a  $1\frac{1}{2}$ -inch line to two redwood storage tanks having a combined capacity of 60,000 gallons. One spring is located below the town near the Eel River, and water is pumped directly from this spring into the distribution system. Water has also been obtained from two wells within the town; however, authority is not requested to sell these wells as the water from them is considered unsatisfactory for domestic use. There are approximately 33,500 feet of distribution mains, varying in size from  $\frac{3}{4}$  inch to 3 inches in diameter, which serve approximately 175 customers on flat rates. Applicant Rickter declared that his system does not have sufficient water to meet demands, that he does not have money to expand the system, that his health will not permit him to continue to operate the water system, that he feels he is not receiving an adequate return, and that he cannot hire any help on the income now being received from operation of the water system.

The water system of Angelina Rovai serves domestic and commercial water users in the southern portion of the town of Rio Dell. Water is obtained from springs, a well, and a creek. The springs are the main source of supply. Water is collected at the springs and delivered through  $1\frac{1}{2}$  miles of 2-, 3-, and 4-inch pipe lines to three redwood storage tanks having a combined capacity of approximately 100,000 gallons. Water from the well and the creek is pumped directly into the distribution system. There are approximately 40,000 feet of distribution mains varying in size from  $\frac{3}{4}$  inch to 6 inches in diameter. There are 325 customers being served by the system.

The Rovai and Rickter systems can conveniently be operated as one system; however, the Rickter system needs considerable maintenance work. Acquisition of the Rickter system by Rovai will require the expenditure of from \$15,000 to \$20,000 for new mains, meters, and

repairs to the system, as well as development of an additional water supply. Additional labor will also be required for the installation of main extensions and for the keeping of satisfactory accounting records.

An agreed price of \$10,000, payable as \$5,000 in cash upon approval of the sale by the Commission and \$100 per month payment beginning one year thereafter until paid in full, has been set for the present Rickter system. The deferred payments will be represented by a note in the principal amount of \$5,000 bearing interest at the rate of 4% per annum, the payment of said note being secured by a deed of trust. A copy of the bill of sale of the properties has been filed in this proceeding as Exhibit "A."

Said bill of sale provides that Rickter may take water from the system for livestock. Since the original bill of sale did not specify the amount of water to be taken or the amount of livestock to be watered, applicants agreed to amend the bill of sale so as to provide for a specified quantity of water to be taken. A copy of a suitable amendment, specifying a maximum quantity of 150 gallons per day, has been submitted and will be accepted.

A Commission engineer, at the hearing, presented as an exhibit a copy of a report of an investigation of the Rickter and Rovai systems made during the month of October, 1950. For the combined systems, the report indicates a historical cost fixed capital base of \$69,661. Estimated annual revenues for the immediate future are shown to be \$13,920, and the associated estimated expenses amount to \$10,506. Using such figures, a rate of return of 4.90% is indicated.

No opposition to the transfer or to increases in charges for water has been presented in this proceeding. It appears that integration of the systems will provide a better service, a better quality of water, and certain economies of operation. The rates presently in

effect on the Rovai system were established by this Commission, after public hearing, as just and reasonable rates for such system. It is our opinion that the granting of this application will not affect the stability of the utility when both systems are operated as one and will not be adverse to the public interest.

Applicant Rovai desires that the combined systems be hereafter known as the Rio Dell Water System.

The action taken herein shall not be construed to be a finding of the value of the property herein authorized to be transferred.

O R D E R

The above-entitled application having been filed with and considered by this Commission, a public hearing having been held, the matter having been submitted and it appearing to the Commission that the proposed transfer will not be adverse to the public interest,

IT IS HEREBY FOUND AS A FACT that the rates and charges authorized herein are justified; therefore,

IT IS HEREBY ORDERED that Gustaf Einar Rickter may, on or after the effective date hereof, and on or before April 30, 1951, sell and transfer the herein described public utility property to Angelina Rovai pursuant to the agreement of sale and purchase as amended and embodied in the application.

IT IS HEREBY FURTHER ORDERED that Angelina Rovai, on or after the effective date hereof and on or before April 30, 1951, may issue a note in the principal amount of not exceeding \$5,000 for the purpose of financing the cost of said property, and may execute a deed of trust, which note and deed of trust shall be in, or substantially in, the same form as those filed in this proceeding, it being the opinion of the Commission that the money, property or labor to be

procured or paid for through the issue of the note herein authorized is reasonably required by applicant for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

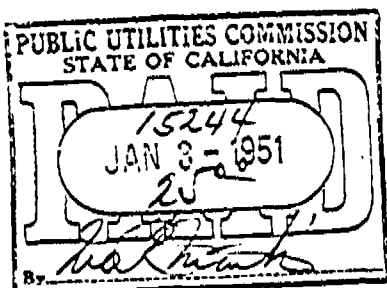
IT IS HEREBY FURTHER ORDERED that on or before the date of actual transfer, Gustaf Einar Rickter shall refund all deposits which customers are entitled to have refunded; and that any unrefunded deposits shall be transferred to and become the obligation for refund of Angelina Rovai.

IT IS HEREBY FURTHER ORDERED that Angelina Rovai shall file with this Commission, within thirty (30) days after the date of sale authorized herein, a certified copy of the bill of sale and deed by which the property is transferred, a written statement indicating the date upon which control and possession of said Gustaf Einar Rickter's water system was assumed, and a copy of said note and deed of trust as executed.

IT IS HEREBY FURTHER ORDERED that Angelina Rovai shall, as of the date of transfer, place in effect for the entire system the presently filed rates, rules and regulations of said Angelina Rovai.

The authority herein granted will become effective when Angelina Rovai has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is \$25.

Dated at San Francisco, California, this 19<sup>th</sup> day of December, 1950.



R. E. [Signature]  
Justin F. Craven  
[Signature]  
Harold H. [Signature]  
[Signature]  
Commissioners.