

ORIGINALDecision No. 48684

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of
 ALLAN NOICE HEBBRON and GLADYS L.
 HEBBRON, his wife, doing business
 under the name and style of HEBBRON
 WATER COMPANY, and PACIFIC GAS AND
 ELECTRIC COMPANY for an order of the
 Public Utilities Commission of the
 State of California (a) authorizing
 the former to sell to the latter the
 water system and business herein
 described, and (b) authorizing Pacific
 to make effective in the territory
 involved its filed water tariff sched-
 ules (rates, charges, rules and
 regulations) applicable in its Salinas
 Water Service Area, and to record said
 transaction on its books in the manner
 herein set forth.
 (Water)

Application No. 34247

O P I N I O N

This is an application for an order of the Commission authorizing Allan Noice Hebbroon and Gladys L. Hebbroon, his wife, doing business as Hebbroon Water Company,¹ to sell to Pacific Gas and Electric Company,² a corporation, the water system and business herein described. Further, authorization is requested for Pacific Gas and Electric Company to make effective in the territory involved, the rates, rules and regulations applicable to its Salinas District, and to record on its books the transfer price agreed upon. A copy of the proposed agreement, dated January 28, 1953, is attached to the application.

Hebbroon Water Company was granted a certificate of public convenience and necessity to operate a public utility water system by the Commission's Decision No. 33165, dated June 4, 1940, in

¹ Hereinafter sometimes called Hebbroon.

² Hereinafter sometimes called Pacific.

Application No. 23386. The service area is located in the northern section of the City of Salinas and adjacent to the eastern side of Highway No. 101. It is also immediately adjacent to the area served by Pacific in and near Salinas. The application states that approximately 166 customers are being furnished water and all are served at flat rates.

The owners and operators of Hebbbron Water Company desire to retire from the public utility water business and be relieved of the duties and responsibilities therefor. If acquired by Pacific, that company proposes to connect the Hebbbron facilities to its existing facilities in the City of Salinas.

Under the terms of the sales agreement the Hebbbron system is proposed to be sold for the amount of \$22,944 plus the actual cost of any additions or betterments installed by Hebbbron subsequent to the date of said agreement. Included in the transaction are distribution mains, rights of way, buildings, wells, pumps, a tract of land 82.2 feet long by 72 feet wide, and all other equipment or facilities used in or connected to the water system.

Exhibits attached to the application set forth the following data applicable to the Hebbbron system:

Total Fixed Capital - 12/31/52	\$10,184.00
Balance in Depreciation Reserve - 12/31/52	3,547.11
Total Operating Revenues - 1952	1,849.19
Total Operating Expenses - 1952	1,624.81

The Hebbbron flat rate schedule which is applied to all service now being rendered provides for a charge of \$2 per month for each residence, and an additional 2½ cents per 100 square feet for garden irrigated areas in excess of 2,500 square feet. Although not being applied to any service now furnished, a meter schedule is on file for this system which is based upon a minimum charge of \$1.75 per month for an allowance of 1,000 cubic feet of water.

If said water system is acquired, Pacific proposes to withdraw and cancel the Hebbbron rates and, thereafter, to apply the rates in effect in Pacific's Salinas District and to install meters on the services of all customers. Pacific's minimum charge for metered service in this area is now \$1 per month, including 500 cubic feet of water. This schedule, however, would be subject to such changes as may be authorized by the Commission as the result of Application No. 34038, filed by Pacific and now pending, in which authority is requested to increase its rates.

A comparison of the Hebbbron flat rate schedule with Pacific's present Salinas District meter rate schedule for a 5/8 x 3/4-inch meter shows that charges under the latter will be lower until monthly consumptions of 1,167 cubic feet are exceeded.

Subject to authorization of the Commission, Pacific proposes to charge to its plant and fixed capital accounts the purchase price of the system. In accordance with the Commission's Uniform Classification of Accounts for Water Corporations, the cost of acquiring the system will be required to be charged to Ac. C-27, "Cost of Plant Purchased in Lieu of Plant Constructed." In addition to the acquisition cost, Pacific proposes to invest an estimated amount of \$30,263 to rehabilitate the Hebbbron system and to connect it to its Salinas District facilities.

According to the application, Pacific, by reason of its greater resources and more complete organization, would be able to manage and operate the present Hebbbron system to more effectively assure dependable water service.

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 Commission having considered the above-entitled application, and being of the opinion that a public hearing is not necessary, finds that the proposed transfer will not be adverse to public interest, that any increases in charges as may result from the application of Pacific's Salinas District meter rates in the service area herein being transferred are justified, and that the application should be granted except as to the amounts which Pacific proposes to record for each plant account in recording the purchase price on its books; therefore,

IT IS HEREBY ORDERED as follows:

1. Allan Noice Hebbroon and Gladys L. Hebbroon, after the effective date hereof and on or before October 1, 1953, may convey and transfer all of their water utility properties as set forth in the agreement, Exhibit B, of the application to Pacific Gas and Electric Company and thereupon shall be relieved of the duties and functions of a public utility water company.
2. Pacific Gas and Electric Company may, after the effective date hereof, acquire said properties, assume the liabilities of Allan Noice Hebbroon and Gladys L. Hebbroon, and consolidate the properties and operations with those in its Salinas service area.
3. On or before the date of actual transfer, Allan Noice Hebbroon and Gladys L. Hebbroon shall refund all deposits which customers are entitled to have refunded. Any unrefunded deposits shall be transferred to and become the obligation for refund of Pacific Gas and Electric Company.
4. Within ten days after the date of actual transfer, and after not less than five days' notice to the Commission and the public, the presently filed rates, rules and regulations for the Salinas District of Pacific Gas and Electric Company, shall be put into effect in the service area acquired from Hebbroon Water Company. Concurrent with the making effective of said Salinas District rates, rules and regulations of Pacific Gas and Electric Company in said Hebbroon service area, the rates now in effect for Hebbroon Water Company shall be canceled.

5. Pacific Gas and Electric Company, in recording the purchase price on its books of account shall charge the full amount of the purchase price to Ac. C-27, "Cost of Plant Purchased in Lieu of Plant Constructed."
6. Within sixty days after the date of transfer Pacific Gas and Electric Company shall submit to the Commission for review and approval a copy of each and every journal entry which it proposes to use for the purpose of distributing to primary plant accounts the purchase price which it is required to charge to Ac. C-27.
7. Within thirty days after the actual transfer under the authority herein granted, Pacific Gas and Electric Company shall file with the Commission a copy of the deed, or deeds of conveyance.

The effective date of this order shall be twenty days after the date hereof.

Dated at Los Angeles, California, this 9th day of June, 1953.

R. B. Anderson
President
Justice F. Casper
Harold P. Hule
Samuel L. Potter
John E. Mitchell
Commissioners