

ORIGINALDecision No. 48805

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint Appli-)
 cation of CITIZENS UTILITIES COMPANY)
 OF CALIFORNIA, a corporation, and)
 OTTO J. HOLM and PATRICIA L. HOLM,)
 doing business as Lorenzo Water Works,)
 for an Order Authorizing Otto J. Holm)
 and Patricia L. Holm to sell their)
 water system to Citizens Utilities)
 Company of California.)

Application No. 34269

Orrick, Dahlquist, Herrington and Sutcliffe,
 by Warren A. Palmer, for Citizens Utilities
 Company of California; Otto J. Holm and
 Patricia L. Holm, by Otto D. Holm, for
 applicants.

San Lorenzo Valley Chamber of Commerce, San
 Lorenzo Valley Property Owners Association,
 San Lorenzo Valley Business and Professional
 Women, by Alice Earl Wilder, interested
 parties.

H. D. Coons and J. K. Fields, in propria
 personae.

O P I N I O N

By the above-entitled application, filed April 17, 1953,
 Otto J. and Patricia L. Holm^{1/} seek authority to sell and Citizens
 Utilities Company of California^{2/} seeks authority to purchase the
 public utility water system, known as the Lorenzo Water Works,
 located in the unincorporated town of Boulder Creek, Santa Cruz
 County.

A public hearing in this matter was held before Examiner
 Emerson on June 5, 1953 at Boulder Creek.

The properties to be transferred consist of a gravity
 water system, primarily fed from springs in Molasky Gulch and

^{1/} Hereinafter sometimes collectively referred to as Holm.
^{2/} Hereinafter sometimes referred to as Citizens.

Harmon Gulch at the southwesterly end of Boulder Creek, and includes water shed lands of approximately 90 acres in the Harmon Gulch area and 43 acres in the Molasky Gulch area, six storage tanks aggregating 96,690 gallons of capacity, a transmission and distribution system, meters, hydrants, and certain materials and supplies on hand. The system presently serves about 130 customers. The consideration to be paid for said system is \$20,000 in cash subject to certain adjustments incident to closing.

The Holms are now residing outside the Boulder Creek area and engaged in another business. The system is presently being managed and operated by a former owner who is in partial ill health and therefore unable to carry on such management and operation except on a temporary basis. Holm finds present revenues insufficient to employ other personnel and is a willing seller.

Citizens is a California corporation which provides telephone service in four separate areas and supplies water service in five separate areas in California. One of the latter, serving the communities of Ben Lomond, Brookdale and portions of Boulder Creek, is contiguous to the Holm system and its primary Boulder Creek-Ben Lomond water main traverses the Holm system. Citizens proposes to interconnect the two systems in Boulder Creek, thereby making available for general distribution certain surplus water now being unused by Holm. By Citizens' declared method of interconnection, as shown on Exhibit No. 1 in this proceeding and as testified to by Citizens' water department manager, no lessening of the supply or present pressures served to Holm's present customers will occur. Citizens desires to acquire the Holm system primarily as a means of augmenting its present supply and obtaining some degree of operating margin thereby.

Citizens proposes to adopt the present rates of Holm at the time of property transfer. However it is stated that at some future date it would seek authority to eliminate all flat rate service and raise the existing meter rates to the identical level prevailing on the balance of the consolidated systems.

A number of Holm's customers attended the hearing and six of them testified respecting present and past service. These persons, as well as others who appeared as interested parties, expressed complete satisfaction with the service rendered by Holm. However, they expressed serious concern regarding the adequacy of supply and service rendered by Citizens and its reputed lack of attention to customers' needs. Representatives of Citizens declared that service or attention to customers' needs would in no way be lessened and that it was their intention that the Holm customers would receive preferential treatment respecting adequacy of water supply. Because the proposed manner in which the two systems would be interconnected would keep the six Holm storage tanks fully supplied before any water from the Holm system could flow into the Citizens' system, Citizens' intention would become actuality.

The December 31, 1952 balance sheet of Holm lists fixed capital at a total of \$22,612.31 based upon an historical cost appraisal submitted as a part of Exhibit No. 10 in Application No. 46239, during 1951. On such balance sheet, landed capital, in the amount of \$5,950, represents actual original cost of the system's land. Holm will transfer all of the system's books and records to Citizens.

In view of the entire record in this proceeding we are of the opinion that the proposed sale will not be adverse to the public interest. An order will be entered authorizing the sale as

proposed. The action taken herein, however, shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

O R D E R

The Commission having considered the above-entitled application, public hearing thereon having been held, the matter having been submitted and the Commission being of the opinion that the transfer of the properties should be authorized,

IT IS HEREBY ORDERED that Otto J. Holm and Patricia L. Holm may sell and Citizens Utilities Company of California may purchase, on or after the effective date hereof and on or before September 30, 1953, the public utility property described in the application and exhibits attached thereto.

IT IS HEREBY FURTHER ORDERED as follows:

1. If the authority hereinabove granted is exercised, applicants shall, within thirty days thereafter, notify this Commission in writing of the date of completion of such property transfer and shall file a certified copy of the instrument by which the real property is transferred.
2. On or before the date of actual transfer, Otto J. Holm and Patricia L. Holm 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 Citizens Utilities Company of California and Otto J. Holm and Patricia L. Holm shall file with this Commission within thirty days after the date of transfer, a written statement showing the disposition of any such deposits or showing that no deposits exist.
3. The rates, rules and regulations of Otto J. Holm and Patricia L. Holm, now legally on file with this Commission, shall be refiled within thirty days of the date of transfer under the name of Citizens Utilities Company of California, in accordance with the provisions of this Commission's General Order No. 96 or in lieu thereof a notice of adoption of said rates, rules and regulations shall be filed. No increases in presently effective rates and no more restrictive rules and regulations shall be made unless properly authorized by this Commission.

4. Citizens Utilities Company of California shall complete, within thirty days from and after the date of property transfer, the construction program necessary to effect the interconnection of its present system with the acquired system in accordance with the plan set forth in this record and as shown on Exhibit No. 1 in this proceeding.
5. Within forty days from the date of transfer, four copies of a comprehensive map, drawn to an indicated scale of not smaller than 400 feet to the inch, shall be filed with this Commission by Citizens Utilities Company of California, said map clearly delineating by appropriate markings the parcels of land and the location and composition of other items of utility property transferred and, in addition, by distinctively coded or colored markings, showing the details of system interconnection and resulting system schematic diagram.
6. On the date of property transfer Otto J. Holm and Patricia L. Holm shall transfer to Citizens Utilities Company of California all records and books of account pertaining to the utility system transferred.

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

Dated at San Francisco, California, this 7th day of July, 1953.

O. J. [Signature]
President

Harold P. [Signature]

[Signature]

Commissioners

Justus F. Craemer
Commissioner S. Kenneth Potter, being necessarily absent, did not participate in the disposition of this proceeding.