

ORIGINAL

Decision No. 49609

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Guy A. Holmes, Audrey D. Holmes and)
 Jess M. Waller, Agnes L. Waller for) Application No. 34914
 authorization to transfer the)
 SHASTA RETREAT WATER SYSTEM.)

OPINION AND ORDER

In this application filed November 30, 1953, applicants request authority for Guy A. Holmes and Audrey D. Holmes to purchase from Jess M. Waller and Agnes L. Waller the public utility water system known as the Shasta Retreat Water System. (1)

In addition to the water system, Guy A. Holmes and Audrey D. Holmes propose to purchase all the other property of Jess M. Waller and Agnes L. Waller in Shasta Retreat, Siskiyou County, consisting of seven houses, including certain furniture, and 71 acres of timber land. The proposed purchase price is \$21,000 of which \$4,000 is to be paid by the transfer to Jess M. Waller and Agnes L. Waller of two houses in Oakland, California, and the balance of \$17,000 is to be secured by a deed of trust and note bearing six per cent interest and payable at the rate of \$100 per month during the first year and \$170 per month thereafter until paid.

At the time the Wallers acquired the water system its cost was shown as \$2,583.64. The Wallers have added a new diversion dam, new filtering screens and a new flush-out system. The present book cost of the system is \$3,411.77.

(1) Jess M. Waller and Agnes L. Waller were authorized to acquire Shasta Retreat Water System from Irene H. Rouse by Decision No. 48442, dated April 7, 1953, in Application No. 34145.

The present source of water supply is a stream. The system consists of a diversion dam and approximately 6,420 feet of mains varying from one-half to four inches in diameter and serves approximately 58 domestic and commercial connections through gravity flow.

The Commission is informed that Mr. Jess M. Waller is in ill health and is no longer able to give the system the personal attention it requires. As Mr. and Mrs. Guy Holmes intend to live at Shasta Retreat, Mr. Holmes will be available at all times to make emergency repairs to the system and to see that proper service is given to the public.

With three of the seven houses vacant, income from rentals on the Shasta Retreat properties and charges for water service by the Shasta Retreat Water System for the 10-month period of January 1 through October 31, 1953 totaled \$2,714.75. Expenses for this period amounted to \$1,461.07 leaving a net profit of \$1,253.68. Mr. Holmes also intends to supplement his income by obtaining employment in the vicinity of Dunsmuir.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary. The Commission finds that the proposed transfer will not be adverse to the public interest and should be authorized. The Commission further finds that the money, property, and labor to be procured by applicants Guy A. Holmes and Audrey D. Holmes through the issuance of the deed of trust and promissory note in the amount of \$17,000 which will be authorized herein are reasonably required by said Guy A. Holmes and Audrey D. Holmes for the purposes specified herein and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

The action herein taken shall not be construed to be a finding of the value of the public utility operative rights and other public utility property herein authorized to be transferred.

Applicants are hereby placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of the amount, exclusive of any tax or annual charge, actually paid to the State as the consideration for the grant of such right.

IT IS HEREBY ORDERED that Jess M. Waller and Agnes L. Waller may, on or after the effective date hereof, and on or before June 30, 1954, sell and transfer the herein described public utility property to Guy A. Holmes and Audrey D. Holmes pursuant to the agreement of sale and purchase embodied in the application.

IT IS HEREBY FURTHER ORDERED that:

1. The rates and rules of Jess M. Waller and Agnes L. Waller, doing business as the Shasta Retreat Water System, now legally on file with this Commission, shall be refiled within thirty days from the date of transfer under the names of Guy A. Holmes and Audrey D. Holmes, doing business as the Shasta Retreat Water System, in accordance with procedure prescribed by General Order No. 96, or in lieu of such refiling, said Guy A. Holmes and Audrey D. Holmes may file a notice of adoption of said presently filed rates. No increases in the present lawfully filed rates and rules shall be made unless otherwise properly authorized by this Commission.
2. On or before the date of actual transfer, Jess M. Waller and Agnes L. Waller shall refund all deposits which customers are entitled to have refunded; and any unrefunded deposits shall be transferred to and become the obligation for refund of Guy A. Holmes and Audrey D. Holmes.
3. Within thirty days after acquiring the properties under the authority herein granted, Guy A. Holmes and Audrey D. Holmes shall file with the Commission a copy of each final instrument executed to convey said public utility water properties and operating rights to said Guy A. Holmes and Audrey D. Holmes, and a statement indicating the date upon which Jess M. Waller and Agnes L. Waller relinquished control of said properties and of their compliance with the conditions hereof.

- 4. On or before the date of actual transfer of the physical properties herein authorized, Jess M. Waller and Agnes L. Waller shall transfer and deliver to Guy A. Holmes and Audrey D. Holmes and the latter shall receive and preserve all records, memoranda and papers pertaining to the operations of the Shasta Retreat Water System, as more specifically described in the Commission's General Order No. 28.
- 5. Guy A. Holmes and Audrey D. Holmes after the effective date hereof and on or before June 30, 1954, may issue their deed of trust in the form set forth in Exhibit C attached to the application on file herein and their \$17,000 promissory note as described in the purchase and sale agreement attached to the application on file herein, in favor of Jess M. Waller and Agnes L. Waller.

This order shall become effective when Guy A. Holmes and Audrey D. Holmes have paid to the Commission the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.

Dated at San Francisco, California, this 26th day of January, 1954.

Bennett Pittel
John E. Mitchell
James Ferguson

 Commissioners

