

**ORIGINAL**Decision No. 52796

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

In the Matter of the Application of )  
 JULIO J. ROVAI and LOUIS J. ROVAI, )  
 for an order authorizing transfer )  
 of the RIO DELL WATER SYSTEM. ) Application No. 37725

In the Matter of the Application of )  
 JULIO ROVAI and LOUIS ROVAI, doing )  
 business as RIO DELL WATER SYSTEM, )  
 for an order authorizing the issu- )  
 ance of a \$24,500 note. ) Application No. 37758

In the Matter of the Application of )  
 JULIO J. ROVAI and LOUIS J. ROVAI, )  
 copartners, doing business under )  
 the fictitious name and style of )  
 RIO DELL WATER SYSTEM, for an order )  
 authorizing permission to increase )  
 water rates. ) Application No. 37684

INTERIM OPINION AND ORDER

As the direct result of unprecedented floods during December 1955 and January 1956, the public utility water system serving the community of Rio Dell in Humboldt County suffered severe damage requiring immediate attention on the part of the operators of the system and requiring the obtaining of substantial funds with which to effect permanent repairs, certain replacements and restoration of full service. Because of its emergency nature and the fact that immediate public hearing could not be held, the matter of the above-entitled Application No. 37758 will be disposed of on an interim basis and ex parte. The matter of the above-entitled Application No. 37725 will be similarly treated so that there may be no question as to the propriety of Julio J. Rovai and Louis J. Rovai executing a note and deed of trust upon the real property of the water system. The matter of the application for increased rates will be disposed of after public hearing at a later date.

By the terms of the last will and testament of Angelina Rovai, deceased, her sons Julio J. Rovai and Louis J. Rovai are the legatees and devisees of all of decedent's right, title and interest of every kind and character in and to the Rio Dell Water System. The two sons are now, and for some time past have been, the actual managers and operators of the system. They are fully competent to continue the public utility operations of the water system. We are of the opinion that the proposed transfer of public utility property will not be adverse to the public interest and that applicants' request should be granted. The action taken with respect thereto, however, shall not be construed to be a finding of the value of the property herein authorized to be transferred.

With respect to applicants' request to issue a note in the amount of \$24,500, applicants have negotiated with the Small Business Administration of the United States of America for a 10-year loan, bearing interest at the rate of 3 per cent per annum, for the purpose of financing the work of restoring the water system to full service. A field inspection of the system has been made by an engineer of the Commission and applicants' needs, as contained in the application, have been verified. On the basis of applicants' averments and our engineer's inspection of the plant we are of the opinion that applicants' request in this regard should be granted. In our opinion, the money, property or labor to be procured or paid for through the issue of the note is reasonably required for the following purposes, which

purposes are not, in whole or in part, reasonably chargeable to operating expense or to income:

1. Replace and realign approximately 850 feet of 6-inch steel pipe across Robinson Ferry Bridge .....	\$ 5,550
2. Rebuild and adequately cover 2 pump houses ..	1,150
3. Install pressure system for Monument Road services .....	450
4. Install approximately 2200 feet of 8-inch main from a proposed 240,000-gallon tank to Highway 101, including 2 highway crossings (in lieu of replacing 7800 feet of line to Dean Creek springs) .....	10,000
5. Repairing, replacing and rehabilitating existing pumps .....	600
6. Re-establishing access road to Painter Creek Reservoir .....	150
7. Realign 6-inch main at Highway 101 and Metropolitan Avenue .....	560
8. Drilling, proving-in and installing equipment for a new well to partially replace damaged springs and transmission main to springs (includes well, pump, pump house, electrical controls, complete) .....	5,500
Total .....	\$23,960

The above items differ somewhat from those items set forth in the rate increase application. However, they are reasonably required in order to return the damaged system to not less than that degree of dependability and efficiency which the system enjoyed prior to the recent floods.

The Commission being of the foregoing opinion in these matters and it appearing that public hearing is not necessary as respects the matters of transfer and indebtedness,

IT IS HEREBY ORDERED as follows:

1. The estate of Angelina Rovai may transfer, on or after the effective date hereof and on or before September 30, 1956, the public utility water system described in Application No. 37725 to

Julio J. Rovai and Louis J. Rovai who as copartners may thereafter own and operate said system under the name and style of Rio Dell Water System.

2. The rates and rules of the water system known as Rio Dell Water System now on file with the Commission shall be refiled within thirty days after the date of actual transfer under the name of Julio J. Rovai and Louis J. Rovai, in accordance with procedure prescribed by General Order No. 96, or in lieu of such refileing, Julio J. Rovai and Louis J. Rovai, may file a notice of adoption of said presently filed rates and rules. No changes in rates, rules or regulations shall be made pending further authorization of this Commission.

3. On or before the date of actual transfer, the estate of Angelina Rovai shall refund all customers' deposits and customers' advances for construction which customers are entitled to have refunded. Any unrefunded deposits and advances shall be transferred to and become the obligation for refund by Julio J. Rovai and Louis J. Rovai, copartners.

4. If the authority herein granted is exercised, Julio J. Rovai and Louis J. Rovai, within thirty days thereafter, shall notify the Commission in writing of the date of the completion of the transfer herein authorized.

5. Julio J. Rovai and Louis J. Rovai, after the effective date hereof and on or before June 30, 1956, may execute a deed of trust and issue a note in the principal amount of not exceeding \$23,960 for the purposes hereinabove set forth and in the form set forth in the attachments to Application No. 37758.

6. This order will become effective when Julio J. Rovai and Louis J. Rovai have paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.

Dated at San Francisco, California, this 19<sup>th</sup> day of March, 1956.

(John E. McCall)  
President

Justin J. Caswell

Randy L. Luterer

Walter D. Dooly

B. H. H. H.

Commissioners

