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Decision No. 55067

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
THELMA B. WOOD to purchase ROHNERVILLE)	
WATER WORKS at Rohnerville, California,)	Application No. 38618
from LEONA STRONG, the sole distributee)	As Amended
of the estate of MELVIN HENRY STRONG.)	

O P I N I O N

Nature of Instant Proceeding

In this application filed on November 28, 1956, and amended on February 13, 1957, Thelma B. Wood,¹ doing business as Campton Heights Water Service, and Leona Strong,² doing business as The Rohnerville Water Works, join in asking the Commission to authorize the transfer of the public utility water system known as The Rohnerville Water Works to Thelma B. Wood.

History of The Rohnerville Water Works System

Melvin Henry Strong and Leona Strong acquired the subject water system from William and Olive Jensen by authority granted in Decision No. 38510 dated December 14, 1945, in Application No. 27116. It is alleged in the present application that on October 19, 1956, the assets of the estate of Melvin Henry Strong, including the water utility properties, were distributed to Leona Strong under a decree of final distribution by the Superior Court of the State of California, in and for the County of Humboldt in No. 12715, Department 1. Authorization of this change in ownership has not heretofore been requested nor granted by this Commission, notwithstanding the clear provisions of Section 851 of the Public Utilities Code.

1 Sometimes herein referred to as Buyer.

2 Sometimes herein referred to as Seller.

Properties to be Transferred and Conditions of Sale

The property proposed to be transferred consists of a water distribution system including fire hydrants, meters and services all as more particularly described in the instrument entitled "Bill of Sale", a copy of which is attached to the amendment to the application as Exhibit "B". According to Seller's annual report to the Commission for the year 1955, the system furnishes water service to approximately 100 customers.

According to the application, as amended, the properties are proposed to be transferred for a total price of \$7,200, which amount is to be paid by an unsecured installment note, a copy of which is attached to the application as Exhibit "C". The terms of the note provide for the payment, beginning on August 15, 1956, of monthly installments of \$200 or more including interest at the rate of 3 percent per year on the unpaid balances remaining from time to time.

The reasons given for the proposed transfer are that Buyer is presently engaged in operating a public utility water system known as Campton Heights Water Service which serves the area adjacent to and within that served by Seller, and it is alleged by Buyer that the purchase and operation of the system proposed to be transferred as an integrated part of her system will be in the public interest.

Rates and Conclusions

In view of the fact that Buyer will completely integrate the two existing water systems and operate them as one system, the water service should soon be of equal quality to all customers formerly served by the two separate systems and there will then be no justification for rendering service to adjacent homes at different rates as has heretofore been done. Therefore, the order which follows will authorize and direct Buyer to file and make effective uniformly throughout both the Campton Heights Water Service and The Rohnerville Water Works service areas the schedules of meter and flat rates attached hereto as Appendix A, which rates will then replace the schedules of different rates for corresponding services now in effect separately for Seller's and Buyer's systems, and to apply the rules now on file for Buyer for her Campton Heights Water Service system in the service area to be transferred herein. These rates will result in an increase in the charges for water service to the customers formerly served by The Rohnerville Water Works, the authorized rates being roughly 75 cents higher for the monthly minimum charge for metered service and \$2.00 higher a month for flat rate service for a single family residence with lawn and garden areas. A decrease in the monthly charges will result to the present customers of Campton Heights Water Service of approximately 20 cents for metered service and roughly \$2.00 for flat rate service.

The rate schedules authorized hereinafter have been designed to produce revenues which should yield about a 6-1/2 percent return for the year 1957 on the estimated combined depreciated rate base resulting from the integration of the two systems. A comparable

rate of return was found to be fair and reasonable by this Commission for the Campton Heights Water Service system for the estimated year 1956 in its Decision No. 53276, dated June 26, 1956, in Application No. 37377, and for The Rohnerville Water Works system for the estimated year 1955 in its Decision No. 50848, dated December 7, 1954, in Application No. 35012, et al. Any increase in rates or more restrictive condition that may result from applying the rates herein authorized and Buyer's rules to the system to be acquired herein are found to be justified.

Inasmuch as the meter rate schedules of Seller and Buyer have heretofore been in units of 100 cubic feet and 1,000 gallons, respectively, at the time the rates authorized herein become effective it will be expected that the Buyer post in her office and have open for public inspection a table illustrating the conversion of meter readings for each 1,000 gallons, from 0 to 50,000 gallons, to billing quantities in cubic feet, together with appropriate charges therefor. Such procedure should minimize any confusion due to both units being used on meters in the combined area and should alleviate the necessity for physical conversion of meter dials.

The action taken herein 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 and being of the opinion and finding that the proposed transfer will not be adverse to the public interest, that a public

hearing is not necessary, that the money, property or labor to be procured or paid for by the issuance of the note hereinafter authorized is reasonably required by applicant, Thelma B. Wood, for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expense or to income, and based on the foregoing findings, therefore,

IT IS HEREBY ORDERED that:

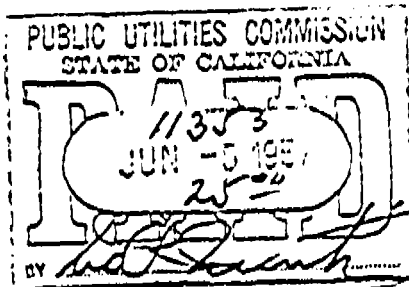
1. The transfer of the public utility water system known as The Rohnerville Water Works by "Decree Settling Final Account of Executrix and Final Distribution" dated October 19, 1956, to Leona Strong, and the sale and transfer of certain public utility properties to Thelma B. Wood on or before October 31, 1957, substantially in accordance with the terms of the instruments entitled "Bill of Sale" and "Installment Note", copies of which are attached to the amendment to the application as Exhibits "B" and "C", respectively, are hereby authorized.
2. Thelma B. Wood, on and after the date of actual transfer, is authorized and directed to charge in the entire Campton Heights and Rohnerville areas the rates set forth on the schedules in Appendix A attached hereto, and to apply in the Rohnerville area her rules which are now on file with the Commission for her Campton Heights Water Service system.
3. Thelma B. Wood, if she acquires the hereinabove described properties, shall, within thirty days thereafter, revise her presently effective tariff schedules to provide for the application of the rates authorized herein throughout the Campton Heights and Rohnerville areas, and her presently filed rules in the service area being acquired herein, together with a revised tariff area map acceptable to the Commission, and in accordance with the procedure prescribed by General Order No. 96. Such rates, revised rules and tariff service area map shall become effective on five days' notice to the Commission and to the public after filing as hereinabove provided.
4. Thelma B. Wood, after the effective date hereof and on or before October 31, 1957, may issue her promissory note in the principal amount of \$7,200

substantially in the form shown in Exhibit "C" attached to the amendment to the application, for the properties and purpose described in the foregoing opinion.

5. If the authority to issue a note herein granted is exercised, Thelma B. Wood shall, within thirty days thereafter, file with this Commission a certified copy of the note as actually executed.
6. On or before the date of actual transfer, Leona Strong shall refund all deposits and advances for construction which are subject to refund. Any unrefunded deposits and advances for construction shall be transferred to and become the obligation for refund by Thelma B. Wood.
7. On or before the date of actual transfer, Leona Strong shall transfer and deliver to Thelma B. Wood, and the latter shall receive and preserve, all records, memoranda and papers pertaining to the construction and operation of the properties hereinabove authorized to be transferred.
8. If the authority herein granted is exercised, Leona Strong shall, within thirty days thereafter, notify this Commission in writing of the date of such completion of the property transfer herein authorized and of her acceptance of and compliance with all of the conditions hereof.
9. Upon due compliance with all of the conditions of this order, said Leona Strong shall stand relieved of all further public utility obligations in connection with the operation of the public utility water system herein authorized to be transferred.

The authority herein granted to issue a note will become effective when Thelma B. Wood has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.00. In all other respects the effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 4th day of June, 1957.



[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated community of Rohnerville, including Campton Heights Subdivision, and vicinity, Humboldt County.

RATES

	<u>Per Meter per Month</u>
Quantity Charge:	
First 500 cu.ft. or less	\$ 3.50
Next 2,200 cu.ft., per 100 cu.ft.40
Next 2,700 cu.ft., per 100 cu.ft.30
Next 3,300 cu.ft., per 100 cu.ft.20
Over 8,700 cu.ft., per 100 cu.ft.15
Minimum Charge:	
For 5/8 x 3/4-inch meter	\$ 3.50
For 3/4-inch meter	4.70
For 1-inch meter	6.50
For 1-1/2-inch meter	8.00
For 2-inch meter	12.50
For 3-inch meter	25.00
For 4-inch meter	45.00

The Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Rates.

Schedule No. 2R

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all residential water service furnished on a flat rate basis.

TERRITORY

The unincorporated community of Rehnerville, including Campton Heights Subdivision, and vicinity, Humboldt County.

RATES

	<u>Per Service Connection per Month</u>
For one single-family residence, exclusive of any lawn or garden irrigation	\$4.00
In addition, for irrigation of lawn and garden areas, not to exceed six months annually	2.00

SPECIAL CONDITIONS

1. All service not covered by the above classification will be furnished only on a metered basis.
2. A meter may be installed at option of utility or customer for above classification in which event service will be furnished only on the basis of Schedule No. 1, General Metered Service.