

**ORIGINAL**Decision No. 55464

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

In the Matter of the Application of )  
 GEORGE W. FAULSTICH and ALTHA )  
 FAULSTICH, individually and doing )  
 business as San Carlos Manor Water )  
 System, and CALIFORNIA WATER SERVICE )  
 COMPANY, a corporation, for an order )  
 authorizing (1) the sale and transfer )  
 to California Water Service Company of )  
 the water system of George W. Faulstich )  
 and Altha Faulstich, doing business as )  
 San Carlos Manor Water System in San )  
 Mateo County (2) the discontinuance of )  
 service by George W. Faulstich and )  
 Altha Faulstich, doing business as )  
 San Carlos Manor Water System in the )  
 territory in the City of San Carlos, )  
 County of San Mateo now served by the )  
 San Carlos Manor Water System and the )  
 extension of service into said territory )  
 by California Water Service Company. )

Application No. 39071

John J. Quill, for George W. and Altha Faulstich.  
J. Stacey Sullivan, of McCutchen, Thomas, Matthew,  
 Griffiths & Greene, and George L. Williams, Vice  
 President, for California Water Service Company.  
Melvin E. Cohn, City Attorney, for City of San  
 Carlos.  
Martin Abramson, for the Commission staff.

O P I N I O N

By their joint application, filed May 16, 1957, George W. and Altha Faulstich seek authority to sell and California Water Service Company to purchase, in accordance with the terms of an agreement, dated May 6, 1957, as supplemented by two letter agreements, dated May 10, 1957, and June 26, 1957, all of which agreements are of record herein, the public utility properties comprising, and to comprise at the closing date of the sale, the San Carlos Manor Water System in the City of San Carlos.

A public hearing was held after due notice at San Carlos on July 9, 1957, before Examiner John M. Gregory. No opposition to the application was manifested at the hearing.

The purchase price stated in the agreement of May 6, 1957, is \$11,685. The parties, however, in order to accommodate the City of San Carlos in expediting the completion of certain street paving work, and at the city's request, have agreed that the sellers, prior to securing authorization for the transfer, will cause to have installed certain pipe lines and other improvements, in accordance with purchaser's standards, which the purchaser had contemplated doing itself after acquiring sellers' system. The additional cost of these installations is stated in the supplemental agreements to be not in excess of \$13,495.

Numerous complaints concerning quality, quantity and pressures of water delivered by sellers' system, as well as its inadequacy for proper fire protection in the service area, testimony concerning which was developed on the record, led the city's officials to request purchaser to negotiate with sellers for acquisition of the properties and integration of them with its San Carlos facilities in the interests of better public water service. The negotiations, extending over a period of several years, resulted in the agreements to which reference has been made. The improvements, when completed, will provide a strengthened water system, with adequate pressures and pipe sizes for domestic use and fire protection, as well as better location of facilities in the area now served by sellers. Purchaser estimates that it will expend a total of approximately \$42,000 for necessary improvements resulting from the acquisition, and has appraised the depreciated cost of the portion of sellers' system which will be retained in service after the transfer at \$11,936.26.

Purchaser has asked the Commission to authorize the extension of its service to the territory presently served by sellers' system at the rates and subject to the rules and regulations now, or in the future to be, in effect in its San Carlos District. There was no opposition to this request at the hearing.

Sellers' present rates, in effect since 1938, are of the minimum charge type, entitling the user to a specific quantity of water at the minimum charge, which, for a  $5/8 \times 3/4$ -inch meter is \$2.50 per meter per month. Purchaser's rates, for a  $5/8$ -inch meter, consist of a service charge of \$1.50 per meter per month, plus additional charges based on the quantity of water used. For use below 3,000 cubic feet per month, purchaser's charges would be slightly higher than those of sellers', while for quantities in excess of 3,000 cubic feet per month, they would be about the same. For 1,300 cubic feet of water monthly, which is the average rate of consumption in purchaser's San Carlos District, purchaser now charges \$5.40 and sellers \$4.55 per month for service through a  $5/8 \times 3/4$ -inch meter. Sellers' system now serves about 150 consumers.

Both the Mayor and the Fire Chief of the City of San Carlos supported the proposed transfer and integration of the sellers' system with that of the purchaser as a measure designed to alleviate complaints and to provide better service and fire protection for the portion of the city now served by sellers.

Upon consideration of the evidence, we find that the proposed transfer of properties will not be adverse to the public interest and it, therefore, will be authorized as prayed for. Application of California Water Service Company's rates applicable to its San Carlos Tariff Area and rules applicable to present customers of San Carlos Manor Water System, following consummation of said transfer, and the resultant increases herein authorized are found to be justified.

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

Public hearing having been held in the above-entitled and numbered proceeding, evidence having been received and considered, the matter having been submitted for decision, the Commission now being fully advised and basing its order upon the findings and conclusions contained in the foregoing opinion,

IT IS HEREBY ORDERED that:

1. George W. Faulstich and Altha Faulstich, after the effective date of this order and on or before November 1, 1957, may sell and transfer to California Water Service Company, a corporation, the public utility operating rights and properties described in the agreement attached as Exhibit B to the application herein, subject to and in accordance with the terms and conditions of said agreement as supplemented and modified by letter agreements, dated May 10, 1957, and June 26, 1957, Exhibit 4 herein.

2. a. California Water Service Company is authorized and directed to charge and apply in the service area proposed to be acquired under the authorization herein granted, the rates applicable to its San Carlos Tariff Area and rules which it currently has on file with this Commission.

b. California Water Service Company, within thirty days after the date of actual transfer, shall revise its presently effective tariff schedules, including tariff service area map for its San Carlos Tariff Area in accordance with the procedure prescribed

by General Order No. 96, to provide for application of said tariff schedules in the service area authorized to be acquired herein. Such revised tariff schedules shall become effective upon five days' notice to the Commission and the public after filing as herein above provided.

3. On or before the date of actual transfer, George W. and Altha Faulstich shall refund all customers' deposits and advances for construction, if any, which they are obligated to refund. Any such unrefunded deposits and advances shall be transferred to and become the obligation for refund of California Water Service Company.

4. California Water Service Company shall record the acquisition of the properties as herein authorized, in accordance with the provisions contained in the Uniform System of Accounts prescribed by this Commission for water utilities, by charging the purchase price to Account 391 and disposing of such charge in accordance with the instructions contained therein.

5. On or before the date of actual transfer, George W. and Altha Faulstich shall transfer and deliver to California Water Service Company 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.

6. If the authority herein granted is exercised, California Water Service Company, within thirty days thereafter, shall notify the Commission in writing of the date of completion of the transaction, and shall file, as executed, a certified copy of the deed, bill of sale and other documents used in effectuating the transfer herein authorized.

7. Upon due compliance with all the provisions of this order, George W. and Altha Faulstich shall stand relieved of all further public utility obligations with respect to the properties herein authorized to be transferred.

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

Dated at Los Angeles, California, this 27<sup>th</sup> day of August, 1957.

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President  
*Paul W. Bremer*  
*By Hardy*  
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*E. J. Fox*  
\_\_\_\_\_  
Commissioners

Peter E. Mitchell  
Commissioner Matthew J. Dooley being  
necessarily absent, did not participate  
in the disposition of this proceeding.