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ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 L. R. MOORE and CATHERINE MOORE, his
 wife, doing business under the name
 and style of ALISAL HEIGHTS WATER
 COMPANY, and PACIFIC GAS AND ELECTRIC
 COMPANY for an order authorizing,
 among other things, the former to
 sell and convey to the latter the
 public utility water properties and
 business herein described.
 (Water)

Application No. 41042

OPINION AND ORDER

By this application, filed April 16, 1959, L. R. Moore and Catherine Moore seek authority to sell and convey their public utility water system, known as Alisal Heights Water Company,^{1/} to Pacific Gas and Electric Company,^{2/} a corporation, which joins in the application.

Alisal serves an unincorporated area to the east of the City of Salinas. The application states that Alisal furnishes water service to approximately 254 customers, all on flat rates. This utility's annual report to the Commission for the year ended December 31, 1957, shows year-end utility plant of \$13,228.17 and depreciation reserve of \$5,827.88, indicating net utility plant of \$7,400.29. Commission records indicate that the system was established pursuant to a certificate of public convenience and necessity granted to O. C. Connely and Alice Connely by Decision No. 33417, dated August 20, 1940, in Application No. 23601. It was acquired by L. R. Moore and Catherine Moore pursuant to authority granted by Decision No. 47807, dated October 14, 1952, in Application No. 33761.

^{1/} Sometimes herein called Alisal.

^{2/} Sometimes herein called Pacific.

A copy of the transfer agreement, executed March 9, 1959, is attached to the application as Exhibit A and includes a description of the properties. The facilities proposed to be transferred include lands, easements, water system facilities, and materials and supplies. The consideration for the transfer is to be the sum of \$13,000 plus the actual cost to Alisal of additions and betterments, less retirements, installed by Alisal subsequent to December 31, 1958, and prior to the date of transfer. Any sales tax that may be legally payable by Alisal is to be added to the purchase price.

The agreement provides that accounts receivable are to be retained by Alisal; customers' deposits and advances for construction are to be transferred to, and become the obligation for refund, of Pacific.

Further, the transfer agreement includes, among other things, the following provision:

" . . . said sale and purchase shall be consummated if, within one hundred and twenty (120) days after the date of said application, said Commission shall issue an order in form satisfactory and acceptable to Purchaser, authorizing said sale and purchase, authorizing Purchaser upon completion of the transfer and conveyance of said System to withdraw and cancel all filed and effective water tariff schedules of Vendors and to make effective in the territory involved Purchaser's filed rules and regulations governing the furnishing and supplying of water service and its water rates and charges applicable to service within its Salinas Water Service Area, . . ."

Such arrangement, as further described in the application, in effect is a request that Pacific be authorized to continue Alisal's filed rates and rules presently in effect for a period of approximately two months from date of acquisition of the subject system pending installation of meters, that thereafter Pacific be authorized to apply its rates and rules presently in effect in its Salinas water service area, such rates being higher than those presently charged

by Alisal, and further that, should Pacific be granted an increase in rates in its Salinas water service area as a result of its pending Application No. 40479, it be authorized to defer the application of such rates for a period of one year in the Alisal service area being acquired herein but thereafter be authorized to apply such increased rates, this latter deferment being requested so as to avert the impact immediately of a second rate increase in the area being acquired.

The request that Pacific be authorized to apply increases in rates in two steps to the subject area is not considered appropriate in the proceeding before us. The title of the application does not reveal that increased rates are proposed. The showing contained in the application is completely devoid of support for such increases, such a showing being fundamental to a proceeding which involves increases of the nature and magnitude sought herein. The entire matter of increasing rates as herein requested can best be presented through a separate application properly drawn and properly served upon the parties affected. Therefore, the request by Pacific for increased rates will be denied by the order herein but will be denied without prejudice to the filing of an appropriately drawn application at such time as applicant has acquired the Alisal properties.

It does not appear necessary, however, for Pacific to maintain on file separate tariff schedules for the water system to be acquired herein. Therefore, the order which follows will authorize and direct Pacific to apply the rules on file for its Salinas Water System to the service area to be transferred herein, and to refile the rates now on file for the Alisal system as part of Pacific's tariff schedules. Any increase in charges or more restrictive conditions which may result from applying Pacific's rules to the system to be acquired herein is 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.

The Commission having considered the above-entitled application and being of the opinion that the proposed transfer will not be adverse to the public interest, that a public hearing is not necessary, and that the application should be granted in part and denied in part; therefore,

IT IS HEREBY ORDERED that:

1. L. R. Moore and Catherine Moore may, on or after the effective date hereof and on or before November 30, 1959, sell and transfer their public utility water system known as Alisal Heights Water Company to Pacific Gas and Electric Company, a corporation, in accordance with the terms and conditions set forth in the agreement attached to the application as Exhibit A, except as hereinafter specifically denied.
2. Pacific Gas and Electric Company, on and after the date of actual transfer, is authorized to charge in the service area acquired under the authorization herein granted, the rates presently being charged by L. R. Moore and Catherine Moore under the name of Alisal Heights Water Company, and to apply in said service area its own rules which are now on file with the Commission for its Salinas Water System.
3. Pacific Gas and Electric Company, if it acquires the hereinabove described properties, shall, within thirty days thereafter, file the rates authorized herein and revise its presently effective tariff schedules for its Salinas Water System, including a revised tariff service area map acceptable to the Commission, to provide for the application of said rates and its rules in the service area being acquired herein, in accordance with the procedure prescribed by

General Order No. 96. Such rates, rules and tariff service area map shall become effective upon five days' notice to the Commission and the public after filing as hereinabove provided.

4. On or before the date of actual transfer, L. R. Moore and Catherine Moore shall refund all customers' deposits and all advances for construction, if any, which are subject to refund. Any unrefunded deposits and advances shall be transferred to and become the obligation for refund of Pacific Gas and Electric Company.

5. If the authority herein granted is exercised, L. R. Moore and Catherine Moore shall, within thirty days thereafter, notify this Commission in writing of the date of such completion of the property transfer herein authorized and of their compliance with the conditions hereof.

6. On or before the date of actual transfer of the physical properties herein authorized, L. R. Moore and Catherine Moore shall transfer and deliver to Pacific Gas and Electric Company and the latter shall receive and preserve all records, memoranda and papers pertaining to the construction and operation of the properties herein authorized to be transferred.

7. Upon due compliance with all the conditions of this order, L. R. Moore and Catherine Moore shall stand relieved of all further public utility obligations and liabilities in connection with the operation of the public utility water system herein authorized to be transferred.

IT IS HEREBY FURTHER ORDERED that the request of Pacific Gas and Electric Company for authority to apply the rates presently effective, or as may become effective, in its Salinas Water Service

Area to the service area acquired from L. R. Moore and Catherine Moore, be and it hereby is denied without prejudice.

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

Dated at San Francisco, California, this 2nd day of June, 1959.

C. Lyn Fox
President
Peter E. Mitchell
Matthew J. Dooley

Commissioners

C. LYN FOX
President
PETER E. MITCHELL
MATTHEW J. DOOLEY
Commissioners

Theodore H. Jenner
Commissioners Everett C. McKenna being
necessarily absent, did not participate
in the disposition of this proceeding.