

ORIGINAL

Decision No. 59535

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of STANLEY Z. BOLTON and LAURETTA A. BOLTON, his wife, (doing business as TAHOE PARK WATER SYSTEM in Tahoe Park and Miramar Heights Tracts, Placer County, California) to sell and transfer their water system to DON L. KAASTRUP and MARGARET H. KAASTRUP, his wife. The latter to issue a note for \$15,000.00, to be secured by a first deed of trust.

Application No. 41801

O P I N I O N

This is an application filed on December 29, 1959, for an order of the Commission (1) authorizing Stanley Z. Bolton and Laurette A. Bolton, his wife, doing business as Tahoe Park Water System, to sell and transfer their water system to Don L. Kaastrup and Margaret H. Kaastrup, his wife, and (2) authorizing Don L. Kaastrup and Margaret H. Kaastrup, his wife, to execute a deed of trust and to issue a \$15,000 note to finance, in part, the purchase price of said water system.

The water system known as Tahoe Park Water System is located about two miles south of Tahoe City in Placer County, and serves approximately 200 consumers. The Commission reviewed the operations of the system in proceedings held on Application No. 39334 and in Decision No. 56484, dated April 8, 1958, summarized the history of the system as follows:

"Although the water system to supply the Tahoe Park Tract was installed in 1908, the Commission first found it to be a public utility by Decision No. 21879, dated December 7, 1929, in Case No. 2722. After several changes in ownership, transfer of the water system to the applicants herein was authorized by Decision No. 47726, issued September 24, 1952, in Application No. 33715. In the meantime, service has been extended to the Miramar Heights Tract."

Said Decision No. 56484 authorized an increase in rates for seasonal service during the period from May 1 to September 30, designed to produce a rate of return of 6.6% on an estimated 1958 depreciated rate base of \$18,210. Commencing with the period beginning October 1, 1959, the system is furnishing water under a winter rate schedule applicable through April 30, which should eliminate the major complaint referred to in said Decision No. 56484, which complaint revolved around the desire for winter service or year-round service. Stanley Z. Bolton and Laurette A. Bolton have not been year-round residents of the Lake Tahoe area; however, Don L. Kaastrup and Margaret H. Kaastrup reside at Lake Forest, which is about four miles from the water system, where they own and operate Sherman's Motel Apartments, and will give year-round attention to the water system.

It has come to our attention that the deed by which Stanley Z. Bolton and Laurette A. Bolton acquired the water system from Georgia L. Lambert under authority granted by said Decision No. 47726, contains a provision reading as follows:

"The grantees herein by the acceptance of this deed agree to furnish without charge to the grantor ordinary and reasonable water service to grantor's home in Tahoe Park Tract and grantor's real estate office in Tahoe Park Tract for the term of her natural life or for the term of 25 years, whichever term first expires."

Applicants are hereby notified that any arrangements for free water service are contrary to the Public Utilities Act, and all service must be performed in accordance with effective rates, rules and regulations on file with the Commission.

The agreed purchase price for the water system is \$25,000 payable \$10,000 in cash, with the balance of \$15,000 in the form of a 6% note in favor of Stanley Z. Bolton and Lauretta A. Bolton, payable in annual installments of \$1,000 or more each, plus interest, secured by a deed of trust.

Upon reviewing this matter it appears that Don L. Kaastrup and Margaret H. Kaastrup will provide year-round service to the consumers, and have ample financial resources to finance the proposed indebtedness. We are of the opinion, and so find, that the proposed transfer will not be adverse to the public interest, and that an order should be entered granting the application.

The action taken herein shall not be construed to be a finding of value of the water system, nor as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

O R D E R

The Commission having considered the above-entitled matter and being of the opinion that a public hearing is not necessary, that the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required for the purpose set forth herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Stanley Z. Bolton and Laretta A. Bolton, his wife, may sell and transfer their public utility water properties and business known as Tahoe Park Water System, to Don L. Kaastrup and Margaret H. Kaastrup, his wife, provided that the instrument, or instruments of transfer, shall make no reference to a certificate of public convenience and necessity, inasmuch as none exists.

2. Don L. Kaastrup and Margaret H. Kaastrup, his wife, on and after the effective date hereof and on or before March 31, 1960, may execute a deed of trust and may issue a note in the principal amount of not to exceed \$15,000 for the purpose of financing, in part, the purchase price of the water system to be acquired from Stanley Z. Bolton and Laretta A. Bolton, his wife, which deed of trust and note shall be in, or substantially in, the same form as those filed in this proceeding, provided that the deed of trust shall omit the erroneous reference to a certificate of public convenience and necessity.

3. The rates, rules and regulations of Stanley Z. Bolton and Laurette A. Bolton, doing business as Tahoe Park Water System, now on file with this Commission, shall be refiled within thirty days after the date of actual transfer under the name of Don L. Kaastrup and Margaret H. Kaastrup, doing business as Tahoe Park Water System, in accordance with the procedure prescribed in General Order No. 96, or, in lieu of such refileing, Don L. Kaastrup and Margaret H. Kaastrup may file a notice of adoption of said presently filed rates, rules and regulations. No increases in the presently filed rates shall be made unless authorized by this Commission.

4. On or before the date of actual transfer, Stanley Z. Bolton and Laurette A. Bolton shall refund all customers' deposits and advances for construction, if any, which are subject to refund. Any such unrefunded deposits and advances shall be transferred to and become the obligation for refund of Don L. Kaastrup and Margaret H. Kaastrup.

5. On or before the date of actual transfer of the physical properties herein authorized, Stanley Z. Bolton and Laurette A. Bolton shall transfer and deliver to Don L. Kaastrup and Margaret H. Kaastrup, 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.

6. If the authority herein granted is exercised, Stanley Z. Bolton and Laurette A. Bolton, within thirty days thereafter, shall 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.

7. Upon due compliance with all the conditions of this order, Stanley Z. Bolton and Lauretta A. Bolton 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.

8. Upon acquiring the properties under the authorization herein granted, Don L. Kaastrup and Margaret H. Kaastrup shall account for the acquisition of the properties thus acquired in accordance with the provisions set forth in Account No. 391 of the applicable uniform system of accounts for water utilities prescribed by this Commission.

9. Don L. Kaastrup and Margaret H. Kaastrup shall file a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

10. This order will become effective when Don L. Kaastrup and Margaret H. Kaastrup 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 26th day of January, 1960.

[Signature]
President

[Signature]

[Signature]

[Signature]
Commissioners

