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ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 GEORGE W. HAYES, doing business as)
 the G.W.H. UTILITY, a sole proprie-)
 torship, and DEL ESTE WATER COMPANY,)
 a corporation, for an order author-)
 izing (1) the sale and transfer to)
 DEL ESTE WATER COMPANY of the water)
 system of the G.W.H. Utility; (2))
 the discontinuance of service by the)
 G.W.H. UTILITY in that portion of)
 the County of Stanislaus now served)
 by the G.W.H. UTILITY; and (3) the)
 extension of service into said ter-)
 ritory by DEL ESTE WATER COMPANY.)

Application No. 45890
 Filed October 22, 1963

O P I N I O N

By this application, George W. Hayes (seller), an individual, and Del Este Water Company (purchaser), a corporation, seeks authority for the transfer of the water system known as G.W.H. Utility, the application of seller's filed rates and purchaser's filed rules to seller's service area, and the relief of seller from his public utility obligations.

G.W.H. Utility

Seller provides water service to 39 flat rate customers in his 66-lot service area, known as the Hayes Subdivision, located in Stanislaus County approximately two miles north of Turlock. Decision No. 51727, dated July 18, 1955, in Application No. 36881, granted seller a certificate of public convenience and necessity to construct the water system now requested to be transferred. The system consists primarily of two wells equipped with pumps, about 2,810 feet of 4-inch mains, and 56 services.

Del Este Water Company

Purchaser provides water service to more than 11,000 customers in Modesto, Turlock, Empire, Salida and Waterford, Stanislaus County. Decision No. 31588, dated December 19, 1938, in Application No. 22301, certificated purchaser to its original areas located near Modesto and Waterford. Additional areas were certificated, some were acquired by purchase of operating systems, and others resulted from extensions into contiguous areas.

Rates and Rules

Upon transfer of the system, purchaser proposes to operate it as part of its System No. 6, General Turlock Area. No change is requested in the existing rates on file for seller's area, but purchaser asks that it be permitted to apply its own filed rules.

Seller's filed rates were established at the time he was granted a certificate. They consist of schedules for Residential Flat Rate Service and General Metered Service. The basic flat rate is \$3.25 per month for a single family residence. The minimum charge for service through a 5/8 by 3/4-inch meter is \$2.80 per month, with quantity rates ranging from 30 to 25 cents per hundred cubic feet for usage in excess of 800 cubic feet per month. The flat rate is slightly higher than the rate of \$3.10 in effect for comparable service within purchaser's General Turlock Area. No customers now receive metered service.

Seller's rules were filed in 1956. Purchaser's rules are more up-to-date, several of its individual rules having been revised at various times from 1959 to 1963.

Purchase Agreement

On or about August 30, 1963, seller and purchaser completed negotiations for the transfer proposed herein. The agreed

purchase price is \$16,500. Seller is to refund all deposits made by customers to guarantee payment of bills. No reference is made to the disposition of any unrefunded advances for construction but seller's annual report to this Commission for 1962 showed none as of December 31 of that year.

Seller's December 31, 1962 balance sheet shows utility plant of \$8,987 and a depreciation reserve of \$1,938. After deducting an estimated \$300 additional depreciation accruals for 1963, the depreciated utility plant at the end of this year would be about \$6,750. Purchaser has not yet presented for Commission review its proposed method of amortization of the approximately \$9,750 acquisition adjustment.

Findings and Conclusion

The Commission finds that:

1. The proposed sale and transfer will not be adverse to the public interest.
2. Any increase in charges or more restrictive conditions resulting from the application of purchaser's rules to seller's present service area will be justified upon transfer of the system from seller to purchaser.

The Commission concludes that the application should be granted. The action taken herein, however, does not constitute a finding of the value or original cost of the properties authorized to be transferred. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date hereof, George W. Hayes may transfer, and Del Este Water Company may acquire, the

water system and certificate of public convenience and necessity referred to herein in accordance with the terms of the agreement, a copy of which is attached to the application as Exhibit B.

2. After the effective date of this order, and not less than five days before the date of actual transfer, purchaser shall file additional and revised tariff sheets, including tariff service area maps clearly and accurately indicating the boundaries of the tariff area established by the transfer, to provide for the application of seller's present rates and purchaser's present rules to the service area acquired by the transfer. Such filing shall comply with General Order No. 96-A, and the additional and revised sheets shall become effective on the date of actual transfer.

3. On or before the date of actual transfer, seller shall refund all customers' deposits and advances for construction, if any.

4. On or before the date of actual transfer, seller shall deliver to purchaser, and purchaser shall receive and preserve, all records, memoranda and papers pertaining to the construction and operation of the properties authorized herein to be transferred.

5. Within five days after the date of actual transfer, seller and purchaser shall submit written notification to this Commission, showing:

- a. The date of transfer. A true copy of the instrument or instruments of transfer shall be attached to the notification;
- b. The dates of compliance with the requirements of the foregoing paragraphs 3 and 4.

6. Upon compliance with all of the conditions of this order, seller shall stand relieved of his public utility obligations in the area served by the transferred system and may discontinue service therein concurrently with the commencement of service by purchaser.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 5th day of DECEMBER, 1963.

William C. Brund
President

[Signature]

[Signature]

George L. Grier

Fredrick B. Holshoff
Commissioners