

Decision No. 66476**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 RUDOLPH A. STRUNK and BETTY L.
 STRUNK, as joint tenants doing
 business as the STRUNK WATER COMPANY,
 a sole proprietorship, and DEL ESTE
 WATER COMPANY, a corporation, for
 an order authorizing: (1) the sale
 and transfer to DEL ESTE WATER COMPANY
 of the water system of the STRUNK
 WATER COMPANY, (2) the discontinuance
 of service by the STRUNK WATER COMPANY
 in that portion of the County of
 Stanislaus, now being served by the
 STRUNK WATER COMPANY, and (3) the
 extension of service into said
 territory by DEL ESTE WATER COMPANY.

Application No. 45922
 (Filed October 30, 1963)

O P I N I O N

By this application, Rudolph A. Strunk and Betty L. Strunk (sellers), husband and wife, and Del Este Water Company (purchaser), a corporation, seek authority for the transfer of the water system known as Strunk Water Company, the application of sellers' filed rates and purchaser's filed rules to sellers' service area, and the relief of sellers from their public utility obligations.

Strunk Water Company

Sellers provide water service to 25 flat rate customers in their eight-acre service area, known as the Runyan-Norsworthy Tract, located in Stanislaus County approximately one mile northeast of Turlock. Decision No. 63132, dated January 23, 1962, in Application No. 43818, granted sellers the authority to acquire from the original owners the public utility water system now requested to be transferred. The system consists primarily of a well equipped with

a pump, about 2,240 feet of 4-inch and 6-inch mains, and 27 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 sellers' area, but purchaser asks that it be permitted to apply its own filed rules.

Sellers' filed rates were established by Decision No. 61488, dated February 14, 1961, in Application No. 42446, the original certificate proceeding. They consist of schedules for Residential Flat Rate Service and General Metered Service. The basic flat rate is \$5.50 per month for a single-family residence. The minimum charge for service through a 5/8 x 3/4-inch meter is \$5.00 per month, with quantity rates ranging from 35 cents to 20 cents per hundred cubic feet for usage in excess of 1,000 cubic feet per month. The flat rate is higher than the rate of \$3.10 in effect for comparable service within purchaser's General Turlock Area. No customers now receive metered service,

Sellers' rules were filed in 1961. 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, sellers and purchaser completed negotiations for the transfer proposed herein. The agreed purchase price is \$5,000. Sellers are 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 sellers' annual report to this Commission for 1962 showed none as of December 31 of that year.

Sellers' December 31, 1962 balance sheet shows utility plant of \$7,498, and a depreciation reserve of \$359. After deducting an estimated \$230 additional depreciation accruals for 1963, the depreciated utility plant at the end of this year would be about \$6,900. Purchaser has not yet presented for Commission review its proposed method of amortization of the approximately \$1,900 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 sellers' present service area will be justified upon transfer of the system from sellers 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.

IT IS ORDERED that:

1. Within one year after the effective date hereof, Rudolph A. Strunk and Betty L. Strunk (sellers) may transfer and Del Este Water Company (purchaser) 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 sellers' 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, sellers shall refund all customers' deposits and advances for construction, if any.

4. On or before the date of actual transfer, sellers 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, sellers 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, sellers shall stand relieved of their 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 17
day of DECEMBER, 1963.

William W. Smith
President
George E. Trotter
Wesley L. Page
George E. Trotter
Fredrick B. Halchoff
Commissioners