

Decision No. 67083

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of LOUIS SCARUFFI and )  
 ANNE GEORGE to transfer a water )  
 system in Napa, Napa County, )  
 California, to RAYMOND D. McCART )  
 and PEARL B. McCART. )

Application No. 46052  
 (Filed December 23, 1963)

O P I N I O N

By this application, Louis Scaruffi and Anne George<sup>1</sup> (sellers) and Raymond D. McCart and Pearl B. McCart (purchasers) seek authority for the transfer of the utility properties known as F. Lucchesi Water System.

Service Area and Water System

Sellers' 1962 annual report to this Commission shows that the water system provides metered water service to some 55 customers in a small area in Napa County, located in and adjacent to the City of Napa. The annual report also shows that, as of December 31, 1962, the water system consisted primarily of a well, a pump, three tanks, and about 2,000 feet of pipe.

History

The canceled tariffs of "Maria Marti Water System", hereby incorporated in the record by reference, show that sellers' system was originally owned by the subdivider, John Baur, who developed the service area. In 1911, Maria Marti purchased the system and, in 1920, sold it to F. Lucchesi.

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<sup>1</sup>Also known as Annie George.

At the request of the Commission staff, sellers provided certified copies of three documents, which copies are hereby incorporated in the record and designated as Exhibits Nos. 1, 2 and 3. Those documents explain the various presumptive transfers of title to the water system. Exhibit No. 1 is a petition to the Superior Court in Napa County requesting authority to compromise and settle claims to the estate of Maria Scaruffi; Exhibit No. 2 is the court order approving those claims; and Exhibit No. 3 is the decree of distribution of the estate.

The exhibits show that an undivided one-half interest in the utility system was inherited from F. Lucchesi by Maria Scaruffi, who in turn bequeathed it to sellers. The other undivided one-half interest was inherited from Gina Lucchesi, wife of F. Lucchesi, by Fernanda Podesta Halloran and Dante Podesta, who in turn relinquished title to sellers pursuant to a redistribution of the estates of F. Lucchesi and Gina Lucchesi. Authorization of this Commission had not been requested nor granted for any of the transfers prior to that requested in this application.

#### Rates and Rules

Sellers' present rates were filed in 1924. They consist of a schedule for metered service, with a minimum charge of \$1.00 per month, and a rate of 30 cents per 1,000 gallons for usage in excess of 2,500 gallons per month. The only rule now on file is the main extension rule recently prescribed by this Commission.

#### Purchase Agreement

On or about November 29, 1963, sellers and purchasers completed negotiations for the transfer proposed herein. The agreed purchase price is alleged to be \$4,350, but the sale includes certain nonutility property and the total price of \$15,500

is not itemized in the purchase agreement, a copy of which is attached to the application. Also, no segregation is made of the unpaid balance to be covered by a note, secured by a deed of trust on both utility and nonutility property. An initial cash payment of \$1,500 is to be made, with the \$14,000 balance to be paid in monthly installments of at least \$135, including interest at the rate of six percent on the declining balance of the principal. Payments of \$135 per month would result in full payment of principal and interest in about twelve years. Purchasers' financial ability to incur this indebtedness is indicated by their financial statement attached to the application.

Sellers state that their original cost of the system as of April 5, 1963, was \$1,350, its appraised valuation for inheritance purposes. Their 1962 annual report to this Commission shows, however, end-of-year plant of \$8,679 and a corresponding depreciation reserve of \$5,655. Sellers allege that they have added improvements during 1963 at a cost in excess of \$3,000.

#### Findings and Conclusion

The Commission finds that:

1. The proposed sale and transfer will not be adverse to the public interest.
2. The utility property to be procured or paid for by the issue of the indebtedness authorized herein is reasonably required for the purpose specified herein and such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.
3. Sellers do not have a filed tariff service area map nor a filed set of tariff rules, as required by General Order No. 96-A, and their filed rates are not in the form prescribed by that general order.

4. Purchasers have the financial ability to acquire and operate the water system.

5. The previous transfers of the water system should be authorized. ✓

6. Purchasers should be authorized to issue their proposed evidence of indebtedness, to execute a deed of trust, and to file an appropriate tariff service area map, rules and sellers' rates in an up-to-date form. ✓

A public hearing is not necessary. ✓

The action taken herein does not constitute a finding as to the value or original cost of the properties authorized to be transferred.

The Commission concludes that the application should be granted as provided in the order which follows. ✓

O R D E R

IT IS ORDERED that:

1. The transfers of the water system known as F. Lucchesi Water System from Marie Marti, through the various intermediate parties discussed herein, to Louis Scaruffi and Anne George are authorized. ✓

2. Within one year after the effective date of this order, Louis Scaruffi and Anne George (sellers) may transfer to Raymond D. McCart and Pearl B. McCart (purchasers) the water system referred to herein, substantially in accordance with the terms of the agreement set forth on the deposit receipt, a copy of which is attached to the application.

3. After the effective date of this order, and not less than five days before the date of actual transfer, purchasers shall file the schedule of rates set forth in Appendix A to this order, tariff service area maps clearly indicating the boundaries of the service area, appropriate general rules, and copies of any printed forms to

be used in dealing with customers. Such filing shall comply with General Order No. 96-A. The tariff schedules shall become effective on the date of actual transfer.

4. On or before the date of actual transfer, sellers shall refund all customers' deposits and advances for construction, if any, which are due and payable as of the date of transfer. All unrefunded deposits and advances shall be transferred to purchasers, who shall be responsible for their refund when due.

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

6. Within five days after the date of actual transfer, sellers and purchasers jointly shall file in this proceeding a written statement, showing:

- (a) The date of transfer. A true copy of the instrument of transfer shall be attached to the statement.
- (b) The dates of compliance with the foregoing paragraphs 4 and 5 of this order. ✓
- (c) A description of the well site and an acknowledgment by both sellers and purchasers that the described site has been dedicated to public utility purposes, together with proof that the description and acknowledgment of dedication have been filed with the County Recorder of Napa County.

7. 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 concurrently with the commencement of service by purchasers.

8. After having complied with ordering paragraph 3 of this order, purchasers are authorized to issue their six percent note for not to exceed \$14,000 principal amount and may execute a deed of

trust, substantially in the same forms as those attached to the application, in payment for the property described in the deed of trust.

9. Purchasers shall file with this Commission a report or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

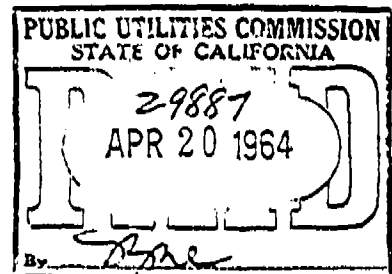
10. The authority granted herein to issue a note and execute a deed of trust will become effective when purchasers have paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25. In all other respects, the effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 14th day of April, 1964.

William L. Stewart  
President

Edward J. Pritchett  
Carroll W. Page

George T. Hoover  
Frederick B. Holboff  
Commissioners



APPENDIX A

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

In the area known as Baur Tract, Napa County.

RATES

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
First 2,500 gallons or less .....	\$1.00
Over 2,500 gallons, per 1,000 gallons .....	.30
Minimum Charge:	
For 5/8 x 3/4-inch meter .....	\$1.00

The Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Rates.