

**ORIGINAL**

Decision No. 67452

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 JAMES A. GODDARD and ELSIE C. GODDARD, )  
 doing business as SANTA TERESA WATER )  
 COMPANY, )  
 For an Order Under Sections 851-853 of )  
 the Public Utilities Code Authorizing )  
 the sale, Disposition and Assignment to )  
 the State of California, Division of )  
 Highways, and to the San Jose Water Works, )  
 a corporation, of the Water System, Real )  
 Property, Permits, Franchises and Assets )  
 Necessary and Useful in the Performance )  
 of Duties of Company in Providing Water )  
 Service to the Public, )  
 and of )  
 SAN JOSE WATER WORKS, a Water Public )  
 Utility Corporation, for an order under )  
 Sections 851-853 of the Public Utilities )  
 Code authorizing acquisition by SAN JOSE )  
 WATER WORKS from JAMES A. GODDARD and )  
 ELSIE C. GODDARD (doing business as )  
 SANTA TERESA WATER COMPANY) of the trans- )  
 mission and distribution system, meters, )  
 franchises, and related equipment of said )  
 Company, and authorizing SAN JOSE WATER )  
 WORKS to enter into an agreement with the )  
 State of California to construct certain )  
 additions to the facilities of the system )  
 of SANTA TERESA WATER COMPANY.

Application No. 46690  
 (Filed June 3, 1964)

O P I N I O N

James A. Goddard and Elsie C. Goddard (sellers) and San Jose Water Works (transferee) seek authority for sellers to transfer the utility properties known as Santa Teresa Water Company<sup>1/</sup> and be relieved of their public utility obligations and for purchaser to apply its filed rates and rules to sellers' service areas and to carry out the terms of an agreement with the State of California (State).

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<sup>1/</sup> Sometimes known as Santa Teresa Water Service.

Santa Teresa Water Company

Sellers provide water service to 42 customers in their service area, which includes the subdivisions known as Los Ranchitos and Mesa Dolores and adjacent acreage in Santa Clara County, located southeast of San Jose. Decision No. 46348, dated October 30, 1951, in Application No. 32353, granted sellers a certificate of public convenience and necessity to construct the water system to serve this area. The system consists primarily of a well, equipped with a pump, about 7,300 feet of water mains, 42 services and 41 meters.

San Jose Water Works

Transferee provides water service to its customers in Santa Clara County located in San Jose, Los Gatos, Saratoga, Monte Serreno, Campbell, Cupertino, Santa Clara, and adjacent unincorporated areas. Sellers' service area is adjacent to that of transferee and can be consolidated therewith by the installation of a pump and approximately 240 feet of pipe from an existing main in transferee's system.

Rates and Rules

Upon transfer of the system, transferee proposes to operate it as an integrated portion of its existing system, under transferee's own rates and rules. Sellers' rates are, in general, slightly higher than those in effect for transferee prior to July 1, 1964, but are lower than transferee's rates authorized<sup>2/</sup> by this Commission to become effective on that date. Sellers' general rules, except for their main extension rule, were filed in 1951 and are not as up-to-date as those of transferee.

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<sup>2/</sup> Decision No. 67296, dated June 3, 1964, in Applications Nos. 45787 and 46594.

Following is a comparison of sellers' present general metered service rates with those of transferee in effect prior to, as well as on and after, July 1, 1964, all based upon service through a 5/8 x 3/4-inch meter:

Comparison of Rates

<u>Item</u>	<u>Sellers</u>	<u>Transferee</u>	
		<u>Before Increase</u>	<u>After Increase</u>
Minimum Monthly Charge	\$1.80	\$1.70	\$ -
Monthly Service Charge	-	-	1.55
First 500 cu.ft., per 100 cu.ft. ....	*	*	.24
Next 100 cu.ft., per 100 cu.ft. ....	*	.24	.24
Next 900 cu.ft., per 100 cu.ft. ....	.275	.24	.24
Next 1,500 cu.ft., per 100 cu.ft. ....	.25	.24	.24
Next 7,000 cu.ft., per 100 cu.ft. ....	.20	.165	.24
Next 20,000 cu.ft., per 100 cu.ft. ....	.15	.165	.24
Over 30,000 cu.ft., per 100 cu.ft. ....	.15	.145	.21

\* Included in Minimum Charge.

Sellers' 1963 annual report to this Commission, hereby incorporated in this proceeding by reference, shows that the customers used an average of approximately 3,000 cubic feet of water per month. The monthly charge for this quantity of water is \$8.03 under sellers' rates, \$7.70 under transferee's rates prior to July 1, 1964, and \$8.75 under transferee's rates on and after July 1, 1964.

Proposed Transfers

State, acting through its Department of Public Works, filed an action in Superior Court to condemn a portion of sellers' property for the widening of Monterey Highway. That property includes the well which is sellers' only source of water supply.

Sellers allege that it will be impossible to obtain another source of water.

On May 20, 1964, sellers agreed to convey to State, in lieu of condemnation, the real property on which their well is situated, for the sum of \$22,500 and to transfer to transferee all of the remainder of the system and their certificate of public convenience and necessity, without cost. Transferee agreed to provide water service to sellers' customers and to install the plant additions required to effect such service. State agreed to contribute to transferee the cost of those plant additions.

Exhibit "E" to the application shows that the original cost of sellers' property is \$5,541 for the portion to be transferred to State and \$14,646 for the portion to be taken over by transferee. The unsegregated depreciation reserve related to this plant is shown as \$3,329. Exhibit "F" to the application shows that sellers had no contributions in aid of construction and no unrefunded deposits or advances for construction as of December 31, 1963.

#### Findings and Conclusion

The Commission finds that:

1. The proposed transfers and agreements will not be adverse to the public interest.
2. Transferee has the financial ability and an adequate supply of water to acquire and operate the system herein authorized to be transferred to it.
3. Any increase in charges or more restrictive conditions resulting from the application of transferee's rates and rules to sellers' present service area will be justified upon transfer of

the system, exclusive of source of supply, from sellers to transferee.

The Commission concludes that the application should be granted. The action taken herein, however, does not constitute a finding as to 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 of this order, James A. Goddard and Elsie C. Goddard (sellers) may transfer to the State of California (State) and to San Jose Water Works (transferee) the water system known as Santa Teresa Water Company, and the related certificate of public convenience and necessity, in accordance with the terms of the agreement, a copy of which is attached to the application as Exhibit "H".
2. Transferee is authorized to carry out the terms of the agreement with State, a copy of which agreement is attached to the application as Exhibit "A".
3. After the effective date of this order, and on or before the date of actual transfer, transferee shall file revised tariff sheets, including tariff service area maps clearly and accurately indicating the boundaries of its service area as modified by the transfer, so as to provide for the application of its rates and rules to the service area acquired by the transfer. Such filing shall comply with General Order No. 96-A. The revised tariff sheets 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 transferee, and transferee shall be responsible for their refund when due.

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

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

- (a) The date of transfer. A true copy of each instrument of transfer shall be attached to the statement.
- (b) The dates of compliance with the foregoing paragraphs 4 and 5 of this order.

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 transferee.

8. Transferee shall account for the acquisition herein authorized in accordance with Utility Plant Accounts Instruction 4, Utility Plant Purchased, of the Uniform System of Accounts for Water Utilities (Class A, Class B and Class C) prescribed by this Commission and shall transfer any resulting credit balance in Account 100-5, Utility Plant Acquisition Adjustments, to Account 265, Contributions in Aid of Construction, and within sixty days after the date of actual transfer

shall file in this proceeding a copy of the journal entry or entries used to record the acquisition in accordance herewith. ✓

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

Dated at San Francisco, California, this 20<sup>th</sup> day of JUNE, 1964.

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President

*[Handwritten Signature]*

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*[Handwritten Signature]*

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*[Handwritten Signature]*

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Commissioners

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.