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Decision No. 67747

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of OTTO SCHAEFER,)
doing business as Strawberry)
Heights Water Company, to sell)
and transfer a water system to)
CHARLES and MARY PAVKA.)

Application No. 46197
(Filed February 14, 1964;
Amended April 7, 1964)

O P I N I O N

By this application, the Commission's authorization is sought for the transfer of a mountain resort water system in El Dorado County. It is located about nine miles east of Kyburz.

Applicant Schaefer is the owner of the resort (Strawberry Lodge) and the water system. The application alleges that in September 1963 applicant Schaefer contracted to exchange his properties at Strawberry Lodge, including the water system, to Jadon Investments, Inc., for certain properties located in Stockton, and that the Pavkas have succeeded to the interest of Jadon in the contract to exchange.

A financial statement of the Pavkas is attached (as Exhibit B) to the original application. It reveals assets of \$119,404.00 and liabilities of \$24,988.57, leaving a net worth of \$94,415.43 on February 1, 1964. It further reveals that they netted \$11,023.23 in the year 1963.

The consideration is not precisely stated in the application and amendment, other property than the water system being involved. For the Commission's purposes the consideration will be deemed to be the depreciated book cost of the water system on the date of transfer. On March 26, 1964 this amount was reported as

\$23,820.00, an amount which included an allowance for the cost of lowering all mains to the depths required by the Commission's General Order No. 103.

The water system in question consists primarily of one well, three springs, 62 service connections and meters, eighteen fire hydrants, two wooden storage tanks with a combined capacity of 100,000 gallons, 2,500 feet of 3-inch and 3½-inch diameter plastic pipe and 5,640 feet of galvanized pipe, in diameters ranging from 1½ to 4 inches.

Applicant Schaefer had a rate increase application on file for this property. It has been dismissed (Decision No. 67381, dated June 16, 1964, in Application No. 45400). Applicants Pavka will be required to adopt Schaefer's present rates.

The Commission finds that:

1. The proposed sale and transfer will not be adverse to the public interest.
2. Charles and Mary Pavka have the financial resources to acquire and operate the Strawberry Heights system.

The Commission concludes that the application should be granted as provided by the following order.

Charles Pavka and Mary Pavka are hereby placed on notice that:

1. The certificate herein authorized to be transferred was originally issued, and will in the future continue to be, subject to the following provision of law:

The Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate, or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right.

2. The authorization herein granted shall not be construed as a finding of the value of the rights and properties herein authorized to be transferred.

3. It having been certified by applicant Schaefer that all mains have been installed in accordance with General Order No. 103, if it shall be found hereafter that any main or mains are not so installed, applicant Pavka will be required to bury such main or mains to a proper depth and the costs of reinstallation shall not be recorded in the plant accounts.

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date of this order, Otto Schaefer (seller) may sell and transfer to Charles Pavka and Mary Pavka (purchasers) the water system and certificate referred to herein, substantially in accordance with the terms described herein.

2. After the effective date of this order, and not less than five days before the date of actual transfer, purchasers shall file a notice of adoption of seller's tariffs. Such filing shall comply with General Order No. 95-A. The notice of adoption 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, 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.

4. On or before the date of actual transfer, seller 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.

5. Within five days after the date of actual transfer, seller 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 3 and 4.

6. Within sixty days after the date of actual transfer, purchasers shall file appropriate revised up-to-date rules. Such filing shall comply with General Order No. 96-A and the revised tariff sheets shall become effective on the fourth day after the date of filing.

7. 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 concurrently with the commencement of service by purchasers.

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

Dated at San Francisco, California, this 25th day of August, 1964.

Fredrick B. Halbach
President
George L. Brown
William A. Bennett
Commissioners