

ORIGINAL

Decision No. 68496

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 DONALD C. FRAZIER, Trustee in Bank-)
 ruptcy of the Estate of Durward)
 Belmont Stutsman, Bankrupt, and the)
 CITY OF REDDING, for an order)
 authorizing the former to sell and)
 convey to the latter certain)
 assets of a water system known as)
 the Shasta Terrace Water System,)
 now located in the City of Redding,)
 California.)

Application No. 47142
 Filed November 25, 1964

O P I N I O N

Donald C. Frazier, Trustee in Bankruptcy of the Estate of Durward Belmont Stutsman, seeks authorization to sell certain assets of Shasta Terrace Water System to the City of Redding, which joins in the application.

By Decision No. 51069, dated February 1, 1955, Application No. 35870, D. B. Stutsman was granted a certificate to construct and operate a water system in an unincorporated area of the County of Shasta known as Shasta Terrace. On November 15, 1962, this area was annexed to the City of Redding.

In the fall of 1959, Stutsman, in an effort to obtain an adequate source of water, drilled a well which produced such salty water that it caused his water supply to become unpotable. As a result of this, the Shasta County Health Department, on December 29, 1959, revoked Mr. Stutsman's domestic water supply permit. Stutsman then filed a petition in bankruptcy and Mr. Frazier was appointed the trustee. As of December 31, 1959, the book value of system net plant was \$44,739.97.

In July 1960, at the request of the customers of Shasta Terrace Water System, as a matter of emergency relief, the City of Redding borrowed certain pipe from the Civil Defense Department of the State of California and installed a connection between its municipal system and that of Shasta Terrace. Since then, the City of Redding has furnished water to the customers of Shasta Terrace Water System and has maintained and operated the system. Since November 15, 1962, these customers have paid to the City of Redding the same rates and charges which the City of Redding assesses to all customers within its boundaries.

In July 1963, an underground trunk water line was installed by the City of Redding in the South City area and the distribution system of Shasta Terrace Water System was connected to it. Upon removal of the emergency line, it was found that it had been severely damaged and was no longer usable. As a result, the City of Redding suffered a financial loss.

This loss has been taken into consideration in fixing the purchase price, as well as the replacement cost of the portions of the distribution system of Shasta Terrace Water System which the City of Redding seeks to purchase.

Donald C. Frazier and the City of Redding have agreed on a purchase price of \$5,767. The Referee in Bankruptcy has made his order authorizing and confirming the sale and the City Council of the City of Redding has approved the purchase.

There are no line extension deposits, contributions in aid of construction or meter deposits involved in the sale.

The Commission finds that the sale is not adverse to the public interest, and concludes that the application should be granted as provided in the order which follows. A public hearing is not necessary.

The action taken herein is not to be construed as a finding of the value of the properties to be transferred.

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date hereof, Donald C. Frazier, Trustee in Bankruptcy of the Estate of Durward Belmont Stutsman (seller), may transfer and sell, and the City of Redding (purchaser) may purchase and acquire, all of the rights, title and interest of seller in and to the properties referred to in the application herein.

2. Upon consummation of the sale, Donald C. Frazier, Trustee in Bankruptcy of the Estate of Durward Belmont Stutsman, shall stand relieved of his public utility obligation in the area served by the Shasta Terrace Water System.

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

Dated at San Francisco, California, this 19th day of January, 1965.

Fredrick B. Holshoff
President
John E. Fitchell
George L. Grover
William W. Bennett
Commissioners