

ORIGINAL

Decision No. 68791

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 WASHINGTON WATER AND LIGHT COMPANY)
 and CLYDE HENRY, doing business)
 under the name and style of WEST)
 SACRAMENTO WATER CO. for an Order)
 authorizing (a) the sale of certain)
 assets and properties by West)
 Sacramento Water Co. to Washington)
 Water and Light Company; and)
 (b) West Sacramento Water Co. to)
 terminate its public utility water)
 distribution service in West)
 Sacramento, California.)

Application No. 47254
(Filed January 14, 1965)

O P I N I O N

Clyde Henry, doing business as West Sacramento Water Co. (seller), seeks (1) authority to sell and transfer a portion of his public utility water system properties to Washington Water and Light Company, a corporation (purchaser), which joins in the application, and (2) authority to terminate his public utility water service in West Sacramento.

At the end of 1963 Henry provided service to consumers through 300 active service connections. His annual report to the Commission for the year ended December 31, 1963 shows total utility plant of \$57,184.26 and a depreciation reserve of \$34,624.97, indicating a net utility plant of \$22,559.29. The annual report shows that there are no advances for construction or contributions in aid of construction.

The original cost of the portion of the water system that will be acquired is not indicated in the application, although the depreciated book value of said assets and properties, as shown on the

books of West Sacramento Water Co., is reported to be approximately \$9,000. Henry plans on salvaging the useful assets and properties not sold and abandoning the remainder.

Washington Water and Light Company is presently certificated to provide water service to the entire area served by Henry and most of its mains parallel those of Henry. In addition to connecting the mains it will purchase to its own source of water, purchaser proposes to connect to its existing mains those customers of seller who are now being served from seller's mains not acquired by purchaser.

The agreement of sale, attached to the application as Exhibit C, shows that purchaser will pay \$6,000 for the properties to be sold subject, among other conditions, to receiving authorization from this Commission to charge its present rates for water service. Seller's presently authorized rates, effective January 31, 1939, were established by Decision No. 31627, in Application No. 22206 and are meter rates. Seller has no meters installed and accordingly charges its minimum meter rate of \$1.50 per month per residential service connection. Purchaser's flat rate of \$2.80 per month per residential service connection was authorized by Decision No. 61645, dated March 14, 1961, in Application No. 42425. Purchaser alleges that if it were ordered to install meters and charge seller's meter rates the average winter charge would be \$2.30 per month and the average summer charge would be \$7.30 per month; that it anticipates a construction program within the next twelve months which will replace the assets and property being acquired from seller; and that meter rates would produce discriminatory results. Purchaser further alleges that it will provide the approximately 300 former customers of seller with purer water and better service.

The Commission has considered this matter and finds that:

1. The proposed sale and transfer will not be adverse to the public interest.

2. The increases in rates and charges authorized herein are justified, the rates and charges authorized herein are reasonable, and the present rates and charges, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable.

3. A public hearing is not necessary.

On the basis of the foregoing findings, we conclude that the application should be granted.

The action taken herein shall not be construed to be a finding of the value of the public utility property herein authorized to be transferred.

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date of this order Clyde Henry, doing business as West Sacramento Water Co., may sell and transfer, and Washington Water and Light Company, a corporation, may purchase and acquire the property referred to in Exhibit C attached to the application.

2. Washington Water and Light Company is authorized to apply, after the effective date of this order and after twenty days written notice to the customers affected, its presently effective tariff schedules for service rendered to the former customers of Clyde Henry. Such notice will include the applicable schedule of rates.

3. Seller shall stand relieved of his public utility obligations in the area served by this system when each and every customer has been connected to and served by purchaser's system and after compliance with paragraphs 4, 5, and 6 herein.

4. On or before the date of actual transfer of possession, seller shall refund all customers' deposits and advances for construction.

5. On or before the date of actual transfer of possession, seller 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.

6. Within thirty days after the date of actual transfer of possession, seller and purchaser jointly shall submit written notification to the Commission, showing:

- (a) The date of transfer of possession. A true copy of the contract of sale shall be attached to the notification.
- (b) The dates of compliance with the foregoing paragraphs 4 and 5.

7. On or before the end of the third month after the consummation of the transfer as herein authorized, purchaser shall cause to be filed with the Commission, in such form as it may prescribe, an annual report, or reports, of seller covering the period commencing with the first day of the current year to and including the effective date of the transfer.

8. Washington Water and Light Company shall charge to Account 100-1, Utility Plant In Service, Subaccount 391, Utility Plant Purchased, the purchase price of the water properties, together with acquisition costs, pending the distribution of amounts to appropriate accounts in accordance with provisions of the Uniform System of Accounts for Water Utilities (Class A, Class B, and Class C).

9. Within six months from the effective date of this order, Washington Water and Light Company shall file with the Commission the proposed journal entries to clear Account 100-1.

10. The authority granted herein will expire if not exercised within one year after the effective date of this order.

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

Dated at San Francisco, California, this 30th day of March, 1965.

Fredrick B. Halaloff
President
Edy E. Mitchell
George G. Grover
Augusta
William L. Dennis
Commissioners