

Decision No. 70296

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of S. O. PATTERSON and)
SHIRLEY R. PATTERSON, to purchase)
the Las Flores Water Works in)
Tehama County, California.)

Application No. 48105

O P I N I O N

Harry L. Stroing, desires to sell, and S. O. Patterson and Shirley R. Patterson desire to purchase, Las Flores Water Works, located in Tehama County, north of the unincorporated town of Gerber. The purchase agreement is oral and merely provides that Stroing will sell and the Pattersons will purchase, subject to approval by the Commission, the Las Flores Water Works for the sum of \$2,000.

In the application, Stroing states that he owns and operates Las Flores Water Works, as an individual, that he is 81 years old and has found it increasingly difficult to properly take care of the business, and that it is his desire to reside away from the district served by the water works.

Las Flores Water Works provides domestic water to approximately 51 customers in the community of Las Flores, having about one mile of mains, and taking water from underground sources by means of a pump. Water is stored in a pressure tank until used by customers of the water works.

The application states that there are no evidences of debt outstanding on Las Flores Water Works and that there is no record of the original costs of the system as it has been in the Stroing family for many years and any such records have been lost or destroyed.

Financial statements attached to the application disclose that the Pattersons have a net worth of \$37,556.71, including property in Gerber. They state that they believe that Las Flores will have growth in the future and that a business opportunity for investment is afforded them by purchase of the water works.

The annual report of Las Flores Water Works for the year ended December 31, 1964, filed by Harry L. Stroing, is hereby incorporated into the record in this application by reference and is designated Item A. Said annual report discloses that on December 31, 1964, the cost of utility plant was \$6,480, the reserve for depreciation was \$4,636.25 and the net utility plant was \$1,843.75. The report shows that there were no debts outstanding.

No protests to the granting of this application have been received by the Commission. We find that the proposed transfer will not be adverse to the public interest and that a public hearing is not necessary.

We conclude that the application should be granted as provided for in the following order. The action taken herein does not constitute a finding as to the value or original cost of the properties authorized to be transferred.

O R D E R

IT IS ORDERED that:

1. Harry L. Stroing, an individual, is authorized, after the effective date hereof and on or before January 1, 1967, to sell the public utility water system properties comprising the Las Flores Water Works to S. O. Patterson and Shirley R. Patterson for the sum of \$2,000.

2. Within thirty days after the consummation of the transfer herein authorized, S. O. Patterson and Shirley R. Patterson shall

notify the Commission, in writing, of that fact and within said period shall file with the Commission a true copy of any bill of sale or other instrument of transfer which may be executed to effect such transfer.

3. After the effective date of this order, and not less than five days before the date of actual transfer, S. O. Patterson and Shirley R. Patterson shall file a notice of adoption of the tariffs of Harry L. Stroing. Such filing shall comply with General Order No. 96-A. The effective date of the notice of adoption shall be the date of actual transfer.

4. On or before the date of actual transfer, Harry L. Stroing 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 S. O. Patterson and Shirley R. Patterson, who shall be responsible for their refund when due.

5. On or before the date of actual transfer, Harry L. Stroing shall deliver to S. O. Patterson and Shirley R. Patterson, who shall receive and preserve, all available records, memoranda and papers pertaining to the construction and operation of the properties authorized herein to be transferred.

6. After the effective date of this order, and not less than sixty days after the date of actual transfer, S. O. Patterson and Shirley R. Patterson shall refile tariffs of the water system, including a tariff service area map, clearly indicating the boundaries of the service area, the present schedules of rates, appropriate general rules, and copies of printed forms to be used in dealing with customers. Such filing shall comply with General Order No. 96-A.

7. S. O. Patterson and Shirley R. Patterson initially shall determine the depreciation rate by (1) subtracting the estimated future net salvage and the depreciation reserve from the original cost of plant; (2) dividing the result by the estimated remaining life of the plant; and (3) dividing the quotient by the original cost of plant. They shall review the accruals as of January 1 of the year following the date of transfer, at subsequent intervals of five years and whenever a major change in depreciable plant occurs. The results of each review shall be submitted promptly to the Commission.

8. On or before the end of the third month, after the consummation of the transfer, S. O. Patterson and Shirley R. Patterson shall cause to be filed with the Commission, in such form as it may prescribe, an annual report, or reports, covering the period commencing with the first day of the current year to and including the effective date of the transfer.

9. Upon completion of the sale and transfer authorized herein and upon compliance with all the terms and conditions of this order, Harry L. Stroing shall stand relieved of his public utility obligations in connection with the utility system herein authorized to be transferred.

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

Dated at San Francisco, California, this 1st day of FEBRUARY, 1966.

Fredrick B. Helchoff
President
George L. Hoover
William W. Dinnel
Commissioners