

Decision No. 70343

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of GOLCONDA UTILITIES COMPANY, a California corporation, for a certificate of public convenience and necessity to operate as a public utility water company; to acquire the assets of HINKLEY VALLEY WATER COMPANY, a public utility partnership comprised of Robert J. Erwin and Forrest J. Wood; and A. T. Smith Water Company, a public utility proprietorship comprised of W. Paul Payne; to issue securities; to establish rates.

Application No. 45772
(Petition for Modification
filed November 16, 1965)

W. Paul Payne, for Golconda Utilities Company, applicant.
Raymond E. Heytens and Chester O. Newman, for the Commission staff.

OPINION AND ORDER

Golconda Utilities Company (GUC) seeks relief from the requirement in Decision No. 67347, dated June 10, 1964, that GUC present inventories, appraisals and reserve requirement studies of its various systems.

Public hearing on GUC's petition was held before Examiner Catey at San Bernardino on December 7, 1965. Copies of the Commission's order, dated November 30, 1965, reopening this proceeding and setting hearing had been served in accordance with this Commission's rules of procedure. No additional evidence was introduced but statements of position were presented by GUC and the Commission staff. The matter was submitted on December 7, 1965.

GUC alleges that the probable cost of \$3,500 for making the studies required by Decision No. 67347 is excessive, when compared with the net plant adjustment of some \$8,200 which GUC estimates might result from such studies, based upon preliminary adjustments presented in the Commission staff's Exhibit No. 4 at the original hearing herein. GUC offers to adopt the staff's preliminary adjustments and to reduce its recorded net plant figures accordingly. The adjustments would affect GUC's Ersul system only.

GUC has incurred a liability of \$300 for work done on the appraisals. GUC asks that it be permitted to utilize as working cash whatever portion remains of the \$2,500 proceeds of the shares of stock already authorized for financing the appraisals and related studies.

The Commission staff has no objection to the granting of the relief requested by GUC, with the understanding that (1) the total amount of common stock to be issued for the Ersul system is not to be determined at this time, and (2) neither GUC nor the staff is foreclosed from recommending additional adjustments in the future for either accounting or rate-making purposes.

We take official notice of our various recent decisions which show that GUC has failed to pay for certain improvements, resulting in a mechanic's lien;^{1/} has had funds in its bank account garnisheed;^{2/} has had its truck and other equipment repossessed by creditors;^{3/} and has defaulted on a note, resulting in an impending trustee's sale and potential transfer of GUC's Ersul Water System to the former operators thereof.^{4/} Under these circumstances, we find

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- ^{1/} Decision No. 70113, dated December 21, 1965, in Application No. 47364.
^{2/} Decision No. 70195, dated January 11, 1966, in Case No. 8235.
^{3/} Decision No. 70274, dated January 25, 1966, in Case No. 8303.
^{4/} Decision No. 70295, dated February 1, 1966, in Application No. 47908.

that the proceeds of the stock sale already authorized for financing appraisals and related studies would more appropriately be utilized by GUC as working cash. We conclude that GUC should be granted the relief it requests herein.

IT IS ORDERED that:

1. Paragraph 11 of the order in Decision No. 67347, dated June 10, 1964, herein, is rescinded.

2. Within thirty days after the effective date of this order, Golconda Utilities Company shall adjust its books and records for its Ersul district to reflect the reduction of \$14,543 in plant accounts and reduction of \$6,356 in depreciation reserve set forth in Exhibit No. 4 in this proceeding, and shall file in this proceeding a true copy of the journal entries used to effect these adjustments.

3. After the effective date of this order, Golconda Utilities Company is authorized to utilize as working cash any unexpended proceeds of the sale of the 250 shares of common stock authorized for financing appraisals and related studies by Decision No. 67418, dated June 23, 1964, herein.

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

Dated at San Francisco, California, this 15th day of FEBRUARY, 1966.

Frederick B. Hallock
President
George L. Hoover
Augusta
William B. Dennis

Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.