

**ORIGINAL**

Decision No. 74469

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of GRACE V. EARLE, dba WEST LANE HEIGHTS WATER CO., and CALIFORNIA WATER SERVICE COMPANY, a corporation, for an order authorizing (1) the sale and transfer to California Water Service Company of the water distribution system and certificate of public convenience and necessity of the West Lane Heights Water Co., (2) the discontinuance of service by Grace V. Earle in the territory now served by the West Lane Heights Water Co., and (3) the commencement of service in said territory by California Water Service Company at existing flat rates of West Lane Heights Water Co., and, as meters and new services are installed, at the rates then applicable in the balance of California Water Service Company's Stockton district.

Application No. 50264  
(Filed May 23, 1968)

O P I N I O N

Applicant Grace V. Earle (Seller) is the owner of a public utility water system near Stockton called West Lane Heights Water Co. It is entirely surrounded by the service area of California Water Service Company's (Buyer's) Stockton District System which is the principal supplier of water in the Stockton community.

Seller proposes to sell her system to Buyer for \$8,000. Seller is to retain her water production and storage facilities. Buyer will acquire the operating rights and distribution system only. Water will be supplied by connections with Buyer's present system.

Buyer proposes to continue Seller's present flat rates to the area for the time being. Buyer will replace the distribution system with a new one in which the mains will be in the streets and

services at the front instead of the back of the lots. As this is done Seller requests authorization to apply its presently filed metered rates to this area. This will represent a substantial rate increase to the consumers in West Lane Heights. However, the present rates, established in 1941, might be subject to increase as the system is to be much improved and the West Lane Heights consumers will be in the same situation as all other Stockton consumers similarly situated.<sup>1/</sup> It therefore appears reasonable for the application to be granted including the rate proposal outlined above. This will, therefore, be done.

The Commission finds that:

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

2. The California Water Service Company, a corporation, has the financial resources to acquire and operate the water system called West Lane Heights Water Co.

3. It is reasonable for Buyer to apply the present rates of Seller in this service area until the distribution system therein is brought up to the standards of Buyer's Stockton District system and meters installed and thereafter an application by Buyer to substitute its Stockton District rates for those of Seller will be considered by the Commission.

4. A public hearing is not necessary.

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

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

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<sup>1/</sup> The Stockton District Rates were authorized by the Commission after hearing; also the rate base per customer in West Lane Heights will be higher than the Stockton District average after the contemplated additions and betterments have been installed. It would thus be discriminatory to other customers not to apply the higher rates.

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date of this order, Grace V. Earle (Seller) may sell and transfer to California Water Service Company, a corporation, (Buyer), and the latter may acquire, the water system referred to herein, substantially in accordance with the terms described in the agreement attached to the application herein as Exhibit 4.

2. On or before the date of actual transfer, Seller shall refund all customers' deposits and all amounts under advances for construction agreements representing refunds due and payable as of the date of transfer.

3. After the effective date of this order, and not more than thirty days after the date of actual transfer, Buyer shall file additional and revised tariff sheets, including tariff service area maps, clearly and accurately indicating the boundaries of the tariff area established by the transfer, to provide for the application of Seller's present rates and Buyer's present rules to the service area acquired by the transfer. Such filing shall comply with General Order No. 96-A.

4. Within five days after the date of actual transfer, Seller and Buyer jointly shall file in this proceeding a written statement showing:

- a. The date of transfer. A true copy of the instrument or instruments of transfer shall be attached to the statement.
- b. The dates of compliance with the foregoing ordering paragraph 2.

5. California Water Service Company shall account for the acquisition of the properties herein authorized to be conveyed in accordance with the requirements of Plant Instruction No. 4 of the

Uniform System of Accounts for Water Utilities (Class A, Class B and Class C), and within sixty days after the consummation of the conveyance, it shall file with the Commission a copy of each journal entry used to record the acquisition on its books of account.

6. Upon compliance with all of the conditions of this order, Seller shall stand relieved of her public utility obligations in the area served by the transferred system and may discontinue service concurrently with the commencement of service by Buyer.

7. When the distribution system in West Lane Heights shall have been brought up to Buyer's standards and meters shall have been installed, Buyer may thereafter apply to the Commission to substitute its own presently filed (Stockton District) rates for Seller's rates in this area.

8. On or before the end of the third month after the date of actual transfer Buyer shall cause to be filed with the Commission, in such form as it may prescribe, an annual report covering the operations of the Seller for the period commencing with the first day of the current year to and including the effective date of transfer.

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

Dated at San Francisco, California, this 30<sup>th</sup> day of JULY, 1968.

William Lyons, Jr.  
President  
William L. Bernard

Commissioner A. W. Gatov, being necessarily absent, did not participate in the disposition of this proceeding.

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

Fred P. Morrissey  
Commissioners