

ORIGINAL

Decision No. 75786

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
E. B. HICKS, doing business as
E. B. HICKS WATER COMPANY, and
CALIFORNIA WATER SERVICE COMPANY,
a corporation,

for an order authorizing (1) the
sale and transfer to California Water
Service Company of the water system
known as the Ethrum Avenue Tract and
certificate of public convenience and
necessity of the E. B. Hicks Water
Company applicable thereto, (2) the
discontinuance of service by E. B.
Hicks Water Company in said territory,
and (3) the commencement of service in
said territory by California Water
Service Company at the rates and in
accordance with the rules then effective
in the Bakersfield District of said
California Water Service Company.

Application No. 50981
(Filed April 1, 1969)

O P I N I O N

E. B. Hicks, doing business as E. B. Hicks Water Company (seller) seeks to sell, and California Water Service Company seeks to buy, the water system serving an area known as the Ethrum Avenue Tract located between the Southern Pacific Railroad right-of-way and U. S. Highway 99 near the southern city limits of Bakersfield, Kern County. Seller's service area is surrounded by buyer's Bakersfield District tariff area.

A Commission staff report in this matter was filed June 5, 1969, and is hereby made a part of the record herein as Exhibit No. 1.

Seller presently serves approximately 169 customers in three noncontiguous areas near Bakersfield. The Ethrum Avenue system is in an area of 26 acres subdivided into 105 lots. There are 88 customer service connections including a connection serving

an eight-unit apartment building. Facilities include a lot upon which is located a well no longer capable of furnishing sufficient water for the customers' needs, a hydropneumatic tank and approximately 4,860 feet of small pipe. Approximately half of the pipe is reported to be three-inch thin walled steel pipe installed in 1938 and the other half smaller diameter black iron pipe installed in 1947. Facilities are clearly substandard considering the requirements of the Commission's General Order No. 103, Rules Governing Water Service Including Minimum Standards for Design and Construction, promulgated in 1956 after the system was constructed.

The agreement of sale attached to the application as Exhibit 3 shows the purchase price of the property to be \$5,000 and the pumping equipment on the well lot is excluded from the transfer.

Seller's basic rate for the flat rate service being furnished is \$4.50 per month for a single-family residence. Upon transfer buyer proposes to integrate the system into its contiguous system and to furnish service at its filed tariff rates which are \$6.35 per month for a single-family premises of from 6,001 to 10,000 square feet, the size of most lots in the tract. Rates for smaller lots are less and for larger lots greater. Buyer's Bakersfield tariffs also include a service charge type meter rate of \$2.50 per month for service through a 5/8 x 3/4-inch meter plus 10½ cents per 100 cubic feet for all water delivered. Charges for service through larger meters are greater. Buyer states in its application that it will assure customers of a steady and reliable supply of water. To provide connecting mains and facilities to enable buyer to furnish a good grade of service would require a substantial investment comparable to that of the other areas of its Bakersfield District. Therefore we will authorize buyer's higher rates for service to seller's existing customers.

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The record shows that seller is a man of advanced age, in failing health and without funds to improve service to his customers.

In June, 1968, the Commission received a petition type letter signed by 51 individuals protesting poor service in the area. The following month a temporary connection was installed and buyer furnished metered water to seller until December. On June 5, 1969 the Commission received another petition type letter signed by 79 residents protesting their present supply of water as being inadequate. The party transmitting the letter urges the Commission to authorize the transfer of the system.

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 E. B. Hicks' Ethrum Avenue system and to furnish good service.
3. It is reasonable for California Water Service Company to revise its tariffs to make its rate schedules and rules applicable to service it furnishes in the Ethrum Avenue area.
4. In view of the customers' urgent need for adequate service the effective date of this order should be the date hereof.
5. 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.

O R D E R

IT IS ORDERED that:

1. Within one year after the effective date of this order, E. B. Hicks (Seller), may sell and transfer to California Water Service Company, a corporation (Buyer), and the latter may acquire, the water system known as the Ethrum Avenue System, substantially in accordance with the terms described in the agreement attached to the application as Exhibit 3.
2. On or before the date of actual transfer, Seller shall refund all customers' deposits and all amounts under advances for construction.
3. After the effective date of this order, and not more than thirty days after the date of actual transfer, Buyer shall file a tariff service area map which includes the Ethrum Avenue area within Buyer's Bakersfield District tariff area to provide for the application of Buyer's present rates and 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, Buyer shall file in this proceeding a written statement showing the date of transfer. A true copy of the instrument or instruments of transfer shall be attached to the statement.
5. California Water Service Company shall account for the acquisition of the properties herein authorized to be conveyed in accordance with the requirements 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 his public utility obligations in the area served by the transferred system and may discontinue service concurrently with the commencement of service by Buyer.

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

Dated at San Francisco, California, this 11th day of JUNE, 1969.

William Simon, Jr.
President

Alfred P. Morrissey

Thomas Moran
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.