

hjh

ORIGINAL

Decision No. 76653

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own motion into the operations, practices, rates, services, instrumentalities, equipment and facilities of NORTHERN COUNTIES UTILITY COMPANY, a corporation.

Case No. 8831
(Filed August 6, 1968)

Elmer Sjostrom, Counsel, for the Commission staff.

Clyde Henry, for respondent.

Dennis Montali, for John M. England, and

H. Miles Raskoff, for Greater Westwood, Inc., interested parties.

O P I N I O N

This is an investigation, on the Commission's own motion, into the reasonableness and adequacy of the operations, practices, rates, services, instrumentalities, equipment and facilities of Northern Counties Utility Company, a corporation providing public utility water service to the town of Westwood, Lassen County.

The matter had its genesis in the summer of 1967 when upon field investigation of an informal complaint respecting the adequacy of the water supply, a Commission staff engineer after viewing the system was of the opinion that the water supply was in fact inadequate. In response to his recommendation that such be done, the Commission on August 6, 1968, opened this formal proceeding. Further field investigations were undertaken during 1968 and 1969 and when the staff was ready to proceed, the matter went to public hearing before Examiner Emerson on September 3, 1969, at Westwood. The matter is submitted and ready for decision.

The record herein consists of two exhibits, the testimony of two staff witnesses (an engineer and an accountant), the testimony of a Fire Chief, the testimony of one customer, the testimony of Mr. Clyde Henry who is the manager of the system and the sole stockholder of the respondent corporation, together with statements of counsel.

Exhibit No. 1 is a 13-page document setting forth the staff's report on its investigation. It includes a map of the area in which the utility operates, a schematic diagram of the water supply system and the recommendations of the staff respecting needed system improvements and utility plant records. Among other things, it shows that the utility operated at a loss of \$894 for the year 1968 after provisions for depreciation and all taxes. With respect to physical facilities the staff investigation disclosed that system storage was inadequate because a 94,600-gallon storage tank had been installed at such elevation as to make it unusable. Mr. Henry attributed the improper location of this tank to his "mistake", caused by inadequate elevation data at the time he acquired ownership of the system in 1958. At the time of hearing and on recommendation of the staff a larger tank was being constructed at a higher elevation in order to correct this inadequacy. The staff engineer recommended the installation of a 75-hp pump at the Walker Springs pumping station. Such pump is on site and needs only to be connected. The staff engineer also recommended that automatic controls or timing devices be installed for control of the pumps. Mr. Henry's response that such controls were impractical and would cost some \$50,000 was uncontroverted.

The staff accountant recommended that plant records be brought up to date as of December 31, 1969 by reflecting therein all plant additions and retirements made subsequent to a 1944 inventory and appraisal and, further, that the utility make a reserve requirement study as of the same date. This subject was not questioned.

Exhibit No. 2 is a letter of transmittal and a copy of an "order appointing a receiver and authorizing continuation of the business" of debtor Clyde Henry, as said order was issued by a referee in bankruptcy for the United States District Court, Northern California District. By such order, dated September 2, 1969 (the day before the hearing in this proceeding) John M. England was appointed as Receiver of the estate and property of Mr. Henry. Counsel for Mr. England has stated on this record that he will cooperate in continuing and improving the water service provided by respondent herein. The ultimate disposition of the bankruptcy matter is of course unknown, but the law is clear that if Mr. England does in fact take over the operations of respondent, he will thereby become a public utility subject to the jurisdiction of this Commission to the same extent as is respondent (Section 2701, Public Utilities Code). The investigation herein is in no substantive way affected by the Clyde Henry bankruptcy order.

In view of the evidence and the foregoing discussion of certain of its elements the Commission makes the following findings of fact and conclusion of law.

Findings of Fact

1. Northern Counties Utility Company, a corporation, is a public utility water corporation under the jurisdiction of this Commission.

2. After due notice, public hearing has been held in the matter of an investigation on the Commission's own motion into the operations of said utility; evidence has been adduced and the matter stands submitted.

3. System water storage is deficient and such deficiency can be corrected by the installation of an additional storage tank and the installation and proper operation of an additional pump, both of which are on site.

4. Respondent's records have not properly accounted for plant additions and retirements.

Conclusions of Law

1. Respondent has not furnished such adequate, just and reasonable service, instrumentalities, equipment and facilities as are necessary to promote the safety, health, comfort and convenience of its patrons and the public.

2. Respondent should be directed to furnish and maintain adequate service and facilities and to properly record its plant items upon its books as set forth in the following order.

O R D E R

IT IS ORDERED that:

1. Respondent shall by not later than May 15, 1970, install, place in proper operation and thereafter maintain in proper operating order:

- (a) A storage tank of not less than 100,000-gallons capacity adjacent to its existing 51,300-gallon tank at the approximate elevation of 5,194 feet, and
- (b) A pump of approximately 75 horsepower rating and 500 gallon-per-minute capacity at its Walker Springs pumping plant.

C. 8831 hjh

2. Respondent shall make entries in its accounting records appropriate to properly reflect therein all plant additions and retirements occurring since the year 1944. Such entries shall be so made as to accurately reflect the same as of December 31, 1969 and shall be made no later than June 30, 1970. Respondent shall also make a reserve requirement study as of December 31, 1969.

The Secretary shall effect service of this order upon respondent herein, upon Mr. Clyde Henry, upon Mr. John M. England and upon the United States District Court, Northern District of California.

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

Dated at San Francisco, California, this 6th day of JANUARY, 1970.

William J. Lyons
President

August

William

James L. Stinson
Commissioners