

Decision No. 84718

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Petition of  
NORTH MARIN COUNTY WATER DISTRICT,  
a political subdivision, for deter-  
mination of just compensation to be  
paid for the land, property and  
rights of Point Reyes Water Company  
and Inverness Park Water Company  
within the boundaries of said  
District.

Application No. 52259  
(Filed October 22, 1970;  
amended November 20, 1970)

Fredrick C. Bold, Jr., and Jeffrey D. Polisner,  
Attorneys at Law, for North Marin County  
Water District, petitioner.  
James F. Ernst, Attorney at Law, and James J.  
Downey, for James J. Downey doing business  
as Point Reyes Water Company and Inverness  
Park Water Company, respondent.  
Cyril M. Saroyan, Attorney at Law, for the  
Commission staff.

O P I N I O N

On October 22, 1970 North Marin County Water District  
(District) filed a petition requesting that the Commission fix and  
determine the just compensation to be paid for certain lands,  
properties, and rights of Point Reyes Water Company and Inverness  
Park Water Company (Downey Companies) described in the petition.  
Both companies were alleged to be sole proprietorships of James J.  
Downey (Downey).

On November 20, 1970, petitioner filed an amendment changing the application to a petition of the first class. By Decision No. 78212 issued January 26, 1971, the Commission concluded that it had jurisdiction to proceed to hear the petition and to fix the just compensation to be paid for the lands, properties, and rights described in the petition.

Pursuant to an agreement between the District and Downey dated December 15, 1970, the lands, properties, and rights described in the petition were transferred by Downey to the District on February 15, 1971. Downey was paid \$50,000 on account and the balance of the just compensation, if any, in excess of \$50,000 together with interest on such excess at the rate of 7 percent per annum from the transfer date to the date of payment is to be paid to Downey within 20 days after the determination of the just compensation by this Commission.

Public hearings were held on the petition before Examiner Cline at San Francisco on February 6, 7, 8, 19, and 25, 1974.

The matter was taken under submission on the filing of the closing brief by the Downey Companies on May 10, 1974.

#### Issue

The principal issue to be resolved is the determination of the just compensation to be paid by the District to the Downey Companies.

#### I. Description of Downey Companies

The Point Reyes Water System has been in operation since the 1880's. It obtained its water from Lagunitas Creek, also known as Paper Mill Creek, and from Fish Hatchery Creek and contributing springs, near the town of Point Reyes Station. Downey acquired this water system in 1946 for the sum of \$12,500. Since acquiring the system he has made many replacements, improvements, and additions.

On February 15, 1971, the date of transfer of the Point Reyes Water Company properties to the District, the Point Reyes Water Company serviced some 169 customers located in the town of Point Reyes and the surrounding rural areas.

Downey acquired the Inverness Park Water System in 1946 for approximately \$1,800. He has also made replacements, improvements, and additions to this system. The water source for the Inverness Park Water Company is three springs located on land owned by Downey. The Inverness Park Water Company had 66 customers on February 15, 1971, the date of transfer.

In making estimates of the value of the water system properties of the Downey Companies, some of the witnesses considered the two water systems as one system.

II. Testimony of John Luthin for the District

Witness John Luthin of the civil engineering firm of Brown & Caldwell who testified at the request of the District has had considerable experience in California and other states evaluating water companies of various sizes. He has qualified numerous times as an expert witness before the California Public Utilities Commission as well as in various superior courts of this state.

Mr. Luthin had previous personal knowledge of the Downey Companies, and he examined the annual reports of the Downey Companies for the past several years which are on file with this Commission. He testified that he spent an afternoon examining the physical properties of the two water systems after he was engaged to make a valuation of the properties of the Downey Companies.

Mr. Luthin used five approaches in arriving at his opinion that the fair market value of the physical properties of the Downey Companies including land was \$65,000 less reimbursement contract liabilities:

<u>Method Used</u>	<u>Estimated Value</u>
Reconstruction Cost New Less Depreciation	\$83,000
Recorded Original Cost Less Depreciation	69,300
Rate Base (Projection of Value, with Adjustments, on Which Rates Should be Based)	56,000
Capitalization of Actual Earnings	None
Capitalization of Reasonable Earning on Rate Base	56,000

Mr. Luthin did not allow anything for going concern value because the water systems at the time they were taken over by the District did not meet a number of service requirements. Pressures were too low, additional treatment was necessary to remove iron and manganese, on various occasions the bacterial count was too high, and the system did not provide adequate fire protection service. Maps, books, and records of the companies were in poor shape and none were delivered to the District.

### III. Testimony of James Fritz for the District

James Fritz has been employed as the senior engineer for the District since May 1964. In the summer of 1969, Mr. Fritz undertook a study of the properties of the Downey Companies to evaluate the possibility of the District taking over such properties. The study included an inventory of the physical properties and the recommendations for improvements and the costs thereof.

Mr. Fritz testified that he had had experience valuing a private water company in the mid-1950's when he was employed as a junior engineer for the East Bay Municipal Utility District and assisted with the physical inventorying of the private water company which was being valued.

Mr. Fritz testified that the District operated the Downey Companies' properties at losses during the following periods:

<u>Period</u>	<u>Revenue</u>	<u>Expense</u>	<u>Operating Loss</u>
Feb. 15 to June 30, 1971	\$ 5,600	\$14,491	\$ 8,891
July 1, 1971 to June 30, 1972	22,254	31,572	9,318
July 1, 1972 to June 30, 1973	28,695	31,037	2,342

The quality of the water of the Downey Companies did not meet standards in two respects, turbidity and excess iron and manganese content. There were very few points where the water mains which were full of sediment could be drained. Also for long periods of time the coliform count was too high.

The system was overloaded on the 1-, 2-, and 3-inch mains.

The District has expended \$273,000 on the water systems acquired from the Downey Companies. Of this amount \$155,000 was expended to bring the systems up to the standards of the Health Department including \$39,000 for a modern treatment plant.

During the 18 months after the District took over the Inverness Park Water Company, it added 1,000 feet of 6-inch line at a cost of \$20,000, and replaced 2,000 feet of 2-inch line, keeping 10,221 feet of old line in operation. Fifteen thousand dollars was expended for a new 30,000 gallon storage tank.

The District replaced 10,631 feet of 2-inch through 4-inch pipe of the Point Reyes Water System and kept 28,400 feet of pipe in service.

The sources of water supply were continued in operation for about 18 months until they were replaced.

One hundred sixty service lines were replaced at a cost of about \$115 per service line or a total of about \$18,400.

Mr. Fritz testified that during the first seven months after the District took over the Downey Companies' properties, the District experienced great difficulty in keeping the equipment running properly and there were numerous customer complaints. A number of color photographs of the decaying pipes and valves which were replaced were introduced into evidence through Mr. Fritz.

The U.S. Coast Guard began negotiating with the District for water service prior to the June 1970 election. A contract was executed between the District and the U.S. Coast Guard in July 1972, under which service has been extended to 45 single-family dwellings and 41 single persons in barracks or apartment buildings. The U.S. Coast Guard has agreed to pay a fair share of the cost of the improvements as a connection fee. So far the District has charged the U.S. Coast Guard \$44,000 including 16 percent of the cost of the new pumping and filtration plant.

Mr. Fritz testified that in his opinion the properties of the Downey Companies taken over by the District were not worth anything in the open market because of expenditures which had to be made to bring the systems up to minimum public health and operational standards and because a purchaser could not make a profit operating the systems.

IV. Reconstruction Cost New Less Depreciation

A. Testimony of James J. Downey and His Two Sons,  
John D. Downey and James B. Downey, for the  
Downey Companies Regarding Physical Plant.

The Downey Companies' valuation of its properties set forth in Exhibit No. 39 is based in large part on reconstruction cost new less depreciation (RCNLD) figures used in the petition of the city of Riverside to acquire the water system of Southwest Water Company, Decision No. 80480 issued September 12, 1972 in Application No. 49307, 74 CPUC 193. The Downey Companies' three witness consisted of James J. Downey, the owner, who was a civil and mechanical engineer for the San Francisco Water Department for many years before he retired in 1968, and his two sons, John D. Downey and James B. Downey, who are also engineers.

The two sons testified regarding the AC or transite pipe which was installed in the Point Reyes system from 1962 through 1970, at least 80 percent of which they installed themselves. This transite pipe represents approximately 90 percent of the dollar figure for water mains in the valuation estimate of the Downey Companies, the remaining 10 percent being for older galvanized pipe.

The witnesses for the Downey Companies in estimating the value of the physical properties first estimated the reconstruction cost new, applied 7.8 percent for general overhead, which figure was used by witness Houck, in the city of Riverside proceeding, and then deducted accrued depreciation. The life of the transite pipe was estimated to be 80 years.

The following table is taken from Exhibit No. 39:

<u>Summary of Estimates of Value of Physical Plant</u>			
<u>Item</u>	<u>Reconstruction Cost New In- cluding General Overheads</u>	<u>Accrued Dep'n.</u>	<u>Reconstructed Cost New Less Dep'n.</u>
Wells	\$ 1,044	\$ 44	\$ 1,000
Pumping Equipment	4,142	374	3,768
Water Treatment Equipment	538	66	472
Reservoirs and Tanks	23,431	5,770	17,661
Water Mains	152,688	59,465	93,223
Paving	6,785	-	6,785
Services	19,936	14,825	5,111
Meters	4,644	3,453	1,191
Structures	<u>2,561</u>	<u>206</u>	<u>2,355</u>
Total	\$215,769	\$84,203	\$131,566

B. Testimony of Robert E. Roberts on Behalf of the District Regarding Physical Plant.

Mr. Roberts who has been a public works director and city engineer for several California cities in the recent past and who is employed as an engineer for the District testified as to value based on reconstruction cost new less depreciation (RCNLD) as a rebuttal to the estimate of the Downey Companies based on RCNLD. A summary of his estimates appearing in Exhibit No. 37 with a comparison with the estimates of the Downey Companies appearing in Exhibit No. 39 is set forth in the following table:



Summary of RCNLD Estimates for Physical Plant

	<u>Roberts' Estimates</u>			<u>Estimates</u>
	<u>Point Reyes Water Company</u>	<u>Inverness Park Water Company</u>	<u>Total</u>	<u>of Downey Companies</u>
Wells, Pumping Facilities, Treatment Facilities and Structures	{ \$ 1,489	\$ 1	\$ 1,490	{ \$ 1,000 3,768 472 2,355
Reservoirs and Tanks	9,539	1	9,540	17,661
Water Mains (Including Paving)	66,424	1,411	67,835	100,008
Services	520	1,200	1,720	5,111
Meters	220	-	220	1,191
Hydrants	784	-	784	-
Total	\$78,976	\$2,613	\$81,589	\$131,566

1. Wells, Pumping and Treatment Facilities,  
and Structures.

Exhibit No. 37 of witness Roberts states that the wells, pumping and treatment facilities and structures of the Point Reyes Water Company were abandoned in August 1971 as inadequate and unserviceable. Where any of these items were usable at the time of abandonment a 25-year life with construction in 1964 was assumed. The pumping and treatment facilities and wooden building of Inverness Park Water Company were also abandoned as unserviceable and they were given a salvage value of only \$1.

These facilities were only used for six months following the date of their transfer to the District, but we are nevertheless of the opinion that Roberts' RCNLD estimate of \$1,490 for these facilities is too low. An RCNLD estimate of \$2,000 for the wells pumping and treatment facilities and structures will be adopted by the Commission.

2. Reservoirs and Tanks.

Roberts testified that the 24,000-gallon redwood tank of the Inverness Park Water Company was structurally unsound and was rotten on the inside. It was dismantled and replaced in September or October of 1972, over a year and a half after acquisition by the District. In view of this use by the District of the tank which was constructed in 1908, it would appear that the Downey Companies' RCNLD estimate of \$88 is more reasonable than Roberts' estimate of \$1.

Witness Roberts' estimate of the RCN value of the Point Reyes 100,000-gallon redwood tank constructed in 1967 which was admitted by witness Fritz to be in excellent condition was \$10,317. Witness Roberts estimated the service life to be only 30 years, and he admitted that he did not give any value to the construction of the concrete pier foundation, the cost of leveling the lot and the cost of construction of the access road.

Witness John Downey testified that the RCN of the 100,000-gallon redwood tank was \$15,780, which included the initial cost of the tank of \$11,000, the cost of the concrete foundation of \$2,400, the cost of leveling the lot of \$1,600, the cost of construction of the access road of \$300, and overhead of \$480. He estimated the service life to be 60 years.

The Commission will adopt the RCNLD estimate of \$17,661 of the Downey Companies for the reservoirs and tanks.

3. Water Mains (Including Paving).

The largest difference between the RCNLD estimates is with respect to the water mains, which amounts to \$32,173.

The following table compares the RCN estimated pipeline cost per foot installed of various sizes and kinds of pipes used by Roberts and the Downey Companies:

Estimated Pipeline Cost Per Foot Installed

<u>Item</u>	<u>Roberts' Estimates</u>	<u>Estimates of Downey Companies</u>
1/2" Galv.	2.34	1.50
3/4" Galv.	2.42	1.70
1" Galv.	2.50	2.00
1-1/4" Galv.	2.58	2.08
1-1/2" Galv.	2.73	2.13
2" Galv.	3.05	2.28
1" ABS	2.27	
1-1/2" ABS	2.35	
1" PVC		1.50
1-1/2" PVC		1.75
2" PVC	2.38	1.85
4" PVC	3.76	3.50
3" AC	3.11	2.80
4" AC	3.38	3.00
		3.50
		4.00
6" AC	3.95	3.50
		4.00
		4.50
3-1/2" Steel	4.10	3.50
		4.50
4" Steel	4.68	2.80
		2.86
		3.30
		3.36
		3.80
		3.86
6" Steel	5.81	

Roberts' RCN estimates shown above include overhead and paving. To the Downey Companies RCN estimates shown above 7.58 percent is added for overhead and \$.44 per square foot for paving. The total paving cost for 15,420 feet of pipe at \$.44 per square foot amounted to \$6,785.

In their brief the Downey Companies point out that the District has used a total of RCNLD estimate of \$1,411 for the 12,221 feet of pipe in the Inverness Park Water Company, or a little over 11 cents per foot. There are still 10,221 feet of this pipe in use by the District. In his RCNLD estimate, Roberts used the year 1929 as the year that the pipe was installed. He then subtracted 1929 from 1970 to determine the actual life of the pipe as 41 years. One year was then allowed for the remaining life of unserviceable pipe and two years for serviceable pipe. To obtain the remaining value of the pipe, he used a ratio of 1/41 for unserviceable pipe and 2/41 for serviceable pipe, and multiplied these ratios by the RCN figures. He ignored the testimony of John Downey that approximately 10 percent of the old 1929 2-inch galvanized pipe, or smaller, had been replaced since 1962 with brand new pipes.

The Downey Companies used the Iowa method described in the Riverside case, supra, to compute the depreciation on the 2-inch galvanized pipes. By the use of this method the 2-inch or smaller galvanized pipe was determined to be 73.3 percent depreciated.

The Downey Companies further point out in their brief that Mr. Fritz testified that it cost \$6.66 per foot in one instance, and \$7.00 per foot in another instance for the District to put in 6-inch transite pipe. In computing his RCN estimate Roberts used only \$3.95 per foot. The Downey Companies used costs per foot ranging from \$3.50 to \$4.50 for their RCN estimate for 6-inch transite pipe, depending on the location of the pipe. To these figures were added 7.58 percent for overhead and \$.44 per square foot for paving where applicable. In computing depreciation the District used an estimated life of 50 years for transite pipe and the Downey Companies used an estimated life of 70 years for the transite pipe.

The District in its brief objects to the inclusion by the Downey Companies in their RCNLD estimates of \$6,785 for repaving following the installation of the pipelines, despite the fact that their own witness Roberts included an allowance for repaving in his RCNLD estimates. It is appropriate to include an allowance for repaving in making RCN estimates for the installation of pipelines. The repaving is of course also subject to depreciation.

In this proceeding the Commission will adopt a RCNLD estimate of \$84,000 for the water mains.

4. Services.

In computing the RCNLD of the services Roberts allowed a nominal salvage value for services which were unserviceable and \$30 per service for services in service. The Downey Companies' estimated RCN for all services and computed depreciation on the basis of seven years remaining life out of a total life of 35 years. The Commission will adopt the RCNLD estimate of \$1,720 of the District of the services, because it is unreasonable to allow more than a nominal salvage value for services which were unserviceable.

5. Meters.

Similarly in computing the RCNLD of the meters Roberts allowed a salvage value of \$75 for 62 unusable meters, \$5 for each of the nine repairable meters, and \$20 for each of the five workable meters. The Downey Companies' estimated RCN for all meters and computed depreciation on the basis of seven years remaining life out of a total of 35 years. The Commission will adopt the RCNLD estimate of \$220 of the District for the meters.

The following table is a summary of the RCNLD estimates for the physical plant which are adopted by the Commission:

<u>Item</u>	<u>RCNLD Estimates Adopted by the Commission</u>
Wells, Pumping and Treatment Facilities and Structures	\$ 2,000
Tanks	17,661
Water Mains (Including Paving)	84,000
Services	1,720
Meters	220
Hydrants	<u>784</u>
Total	\$106,385

C. Land and Land Rights.

In estimating the value of land Roberts relied on the assessor's value for each of the parcels. The land of the Inverness Park Water Company was valued at \$1,400 and the Point Reyes Water Company tank site was valued at \$1,539. The Downey Companies valued the Inverness Park Water Company land at \$2,000 and the Point Reyes Water Company tank site at \$5,000.

The Point Reyes Water Company tank site is a parcel approximately 50' x 50' in size which was purchased by the Downey Companies in the late 1960's for \$1,000. In its brief the District points out that this site is smaller than the standard size for a single family residential use, is subject to flooding, has no sewer service, and cannot be serviced by a septic tank.

The Commission will adopt the Downey Companies' estimate of value for the Inverness Park Water Company land of \$2,000 and will value the Point Reyes tank site at \$2,000 because the Commission is of the opinion that the assessor's values of \$1,400 and \$1,539 for the two parcels are too low and that Downey's estimate of \$5,000 for the Point Reyes tank site is much too high. The total value of the land adopted for the Commission RCNLD estimate is \$4,000.

D. Water Rights.

James Downey testified that he had water rights which preexisted the 1913 act which required applications, permits, licenses, or statements with the State of California to obtain water rights. He estimated that they were worth \$500 per year capitalized at 6 percent, or \$8,333.

Frederick Bold, Jr., an expert on the subject of water rights, on behalf of the District testified that based upon his investigation of the records of the county of Marin and the State Water Resources Control Board and his knowledge of the California law of water rights, the Downey Companies had no vested compensable water rights. Mr. Bold's legal opinion which was received in evidence as Exhibit No. 36 also states that if there were water rights, the value would be nominal because of the prohibitive costs of facilities to convey the water to any practical place of use. Exhibit No. 36 points out that the Downey Companies' well supply was not dependable as to quantity, and was of very poor quality and badly contaminated. As soon as it acquired the Downey system, the District drilled a new deep well in another location and immediately abandoned Mr. Downey's shallow well in the stream bed.

The Commission will adopt the position taken by the District and will include no allowance for water rights in the RCNLD value.

E. Organizational Expense and Going Concern Value.

The Downey Companies are requesting that the amount of \$14,405 be included in the RCNLD value for organizational expenses and going concern value. This amount includes \$3,100 for organizational expenses and 9 percent of the \$124,781 RCNLD estimate for physical plant for going concern value. The 9 percent figure was used by the Commission in the Riverside case, supra. As the maps, meter, books, and billing records were not turned over to the District no amount has been included for such items.

As previously discussed in Section II above, witness John Luthin on behalf of the District testified that at the time of the take-over of the properties the Downey Companies had no organizational expense and going concern value, because the systems did not meet a number of standard service requirements in that water pressures were too low, bacterial count of the water on occasions was too high, additional treatment would be required to remove iron and manganese from the water supply, and the fire protection facilities of the water systems were of a low standard. The maps, books, and records were in poor shape and none were turned over to the District.

Copies of the 1967, 1968, 1969, and 1970 annual reports of the Downey Companies on file with the Commission were received in evidence as Exhibits Nos. 12 through 16, 18, and 19. These reports show operating losses as follows:

<u>Annual Report For the Year</u>	<u>Operating Losses of</u>	
	<u>Inverness Park Water Company</u>	<u>Point Reyes Water Company</u>
1967	\$ -	\$6,950.22
1968	2,456.14	7,320.23
1969	2,556.12	7,984.18
1970	2,465.27	7,193.35



We agree with the District that no allowance should be made in the RCNLD value for organizational expense and going concern value.

The Commission will adopt an estimate of \$110,385 for the RCNLD value of the Downey Companies. This amount is the sum of the following:

<u>Item</u>	<u>RCNLD Value</u>
Physical Plant	\$106,385
Land and Land Rights	4,000
Water Rights	-
Organizational Expense and Going Concern	-
Total	<u>\$110,385</u>

V. Water Main Extension Reimbursement Agreements

Paragraph 9 of the agreement between the District and James J. Downey, Exhibit No. 1, with respect to the main extension reimbursement agreements provides as follows:

- "9. Downey will pay, as and when the same shall become due, all refunds on all facilities extension reimbursement agreements of the Companies [Downey Companies] due prior to the transfer date. The District will assume the liability on all such agreements from and after the transfer date and the fair appraisal of the amount of such liability shall be deducted from the amount of just compensation to be paid to Downey as determined by the Public Utilities Commission. Prior to said determination Downey shall have the right to discharge any such liabilities."

Copies of the four main extension contracts were received in evidence as Exhibits Nos. 5, 9, 10, and 11.

Exhibit No. 37 of witness Roberts on page 15 sets forth the balances under the contracts as follows:

<u>Customers'</u> <u>Names</u>	<u>Date of</u> <u>Agreement</u>	<u>Balance Which</u> <u>May Become Due</u> <u>Subsequent to</u> <u>January 1971</u>
D. D. Dwyer	April 1, 1962	\$ 4,147.81
B. & V. Eschenback	Oct. 13, 1969	1,840.78
E. Martinelli	Oct. 1, 1969	1,800.00
State of California		
Division of Highways	Nov. 24, 1967	<u>3,500.86</u>
Total		\$11,289.45

Although Exhibit No. 37 stated that the \$11,289.45 was due February 1971, a review of the contracts received in evidence clearly reveals that such is not the case. The refunds of such amounts are to be made over a period of years subsequent to February 1971 pursuant to the provisions of the contracts and to main extension rules of Point Reyes Water Company.

Witness Roberts further testified that during 1971 and 1972 \$258.31 had been repaid pursuant to the agreements.

The Downey Companies in their opening brief contend that the present value of the refunds due under the main extension agreements is \$745.89. Exhibit A attached to such brief shows how the \$745.89 is computed but Exhibit A is not a part of the evidence in this proceeding.

As there is insufficient evidence in the record of this proceeding to enable the Commission to appraise the value of the remaining refunds due under the four main extension contracts of Point Reyes Water Company, no such appraisal will be made by the Commission. Such appraisal will have to be made pursuant to mutual agreement of the parties or in subsequent legal proceedings.

#### VI. Findings

1. The values as of February 15, 1971, determined by various methods, of the lands, properties, and rights of the Downey Companies which are the subject matter of the agreement dated December 15, 1970, between North Marin County Water District and James J. Downey, Exhibit No. 1 in this proceeding (without consideration of the fair appraisal of the amount of liability for refunds which may become due under the main extension agreements of the Downey Companies), are as follows:

<u>Method Used</u>	<u>Value</u>
a. Capitalization of Actual Earnings	\$ None
b. Rate Base and Capitalization of Reasonable Earnings on Rate Base	56,000
c. Recorded Original Cost Less Depreciation	69,300
d. Reconstruction Cost New Less Depreciation	
Physical Plant	\$106,385
Land and Land Rights	4,000
Water Rights	-
Organizational Expense Going Concern	-
<b>Total</b>	<b>110,385</b>

In determining the total just compensation the Commission will consider all of the above values and will give greater weight to the values based on capitalization of reasonable earnings on rate base and on recorded original cost less depreciation than to the value based on reconstruction cost new less depreciation because of the poor condition of the properties and the long continued operation of the properties at a loss.

2. The total just compensation as of February 15, 1971 (without consideration of the fair appraisal of the amount of liability for refunds which may become due under the main extension contracts of the Downey Companies) which James J. Downey is entitled to be paid by North Marin County Water District for the lands, properties, and rights of the Point Reyes Water Company and Inverness Park Water Company which are the subject matter of this proceeding and of the agreement dated December 15, 1970, between North Marin County Water District and James J. Downey (Exhibit No. 1) is the sum of \$76,000.

No order is necessary.

Made and filed at San Francisco, California, this 29th day of JULY, 1975.

*L. abstain.*  
*Robert Batumil*  
Commissioner

*William J. Lyons* President  
*James L. Strickland*  
*W. R. ...*  
Commissioners

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