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Decision 92-07-068 July 22, 1992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Shaun D. Kesterson,
Happy Acres Community Home Owners,

Complainants,

vs.

Happy Acres Water Company, Inc.,

Defendant.

ORIGINAL

Case 91-02-094

(Filed February 26, 1991)

Shaun D. Kesterson, for Happy Acres Community
Home Owners and for himself, complainants.
Maurice Fredericks, Attorney at Law, for
Happy Acres Water Company, Inc., defendant.
Hugh Kelly, for Happy Acres water customers,
interested party.
Jasjit S. Sekhon, for the Commission Advisory
and Compliance Division.

O P I N I O N

Shaun D. Kesterson and Happy Acres Community Home Owners (complainants) request that the Commission authorize the transfer of the ownership of the Happy Acres Water Company, Inc. (HAWC) to the residents of the Happy Acres community, who have formed a mutual water system known as the Happy Acres Mutual Benefit Water System.

HAWC is located in Sonoma County near the town of Cotati. It is owned by William H. Appleton, Jr. and has been under CPUC jurisdiction since 1961. The service area has 26 connections to the water system, plus 47 private wells whose owners request connection to HAWC. Water production from a well serving the HAWC system is adequate for current needs and will also be sufficient for the entire service area when completely built out. However, the company's undersized water distribution system and only one

source of water supply does not meet the design standards of General Order 103.

The Commission's Water Utilities Branch conducted a field investigation of the physical plant. They found that the treatment and pumping facilities of the water system are in good condition. Storage consists of five 10,500-gallon tanks. Two tanks are used as settling tanks to remove iron and manganese; the other three are used for storage of treated water. While the system has ample water production, the storage and distribution system is inadequate in size. For fire flow the distribution system is inadequate because most of its piping is 4-inch diameter pipe, too small, and the system's storage capacity is too little. The entire distribution system has but two fire hydrants.

The owner of HAWC has transferred all of his interest in HAWC to the mutual. The Water Utilities Branch recommends that the transfer be approved and that HAWC's certificate of public convenience and necessity be canceled.

Findings of Fact

1. The homeowners in the service area of defendant Happy Acres Water Company, Inc. are not being served adequately.
2. The homeowners have formed a mutual water company to take over the operation of HAWC.
3. Appleton has agreed to transfer all of the water company property to the mutual.
4. It is in the public interest that this transfer be approved.

Conclusion of Law

The application should be granted and the certificate of public convenience and necessity issued to Happy Acres Water Company, Inc. should be canceled upon completion of the transfer.

O R D E R

IT IS ORDERED that:

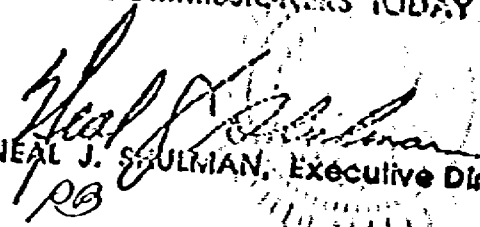
1. On or before December 31, 1992, William H. Appleton, Jr. and Happy Acres Water Company, Inc. may transfer the water system (and other assets) to Happy Acres Mutual Benefit Water System, according to the terms of the Agreement set forth in Exhibit 1.
2. On or before the date of transfer, seller shall refund any customer credit deposits which are subject to refund.
3. Buyer shall assume any liability for refunds of main extension advances.
4. Within 10 days after transfer, seller shall write the Commission stating dates of transfer and deposit refunds and date when buyer began operating the water system. A copy of the transfer documents shall be attached.
5. Upon compliance with this order, seller shall be relieved of its public utility obligation to the transferred system and its certificate of public convenience and necessity canceled.

This order is effective today.

Dated July 22, 1992, at San Francisco, California.

DANIEL Wm. FESSLER
President
JOHN B. OHANIAN
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY


NEAL J. SCHULMAN, Executive Director