

Decision 82 09 012 SEP 8 - 1982

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
FRED ROBINS, doing business as )  
ROBINS WATER SERVICE, 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 )  
of Robins Water Service, (2) the )  
discontinuance of service by Robins )  
Water Service in the territory now )  
served by it, and (3) the commence- )  
ment of service in said territory )  
by California Water Service Company )  
at the rates then effective in )  
Visalia District of California Water )  
Service Company. )

Application 82-06-18  
(Filed June 3, 1982)

O P I N I O N

Statement of Facts

In 1960, Frederick P. Robins, doing business as Robins Water Service (Robins System), in Application 42388 sought and after staff investigation obtained by Decision 61025 dated November 7, 1960 a certificate of public convenience and necessity to construct and operate a public utility water service in a 4-acre tract subdivided into 14 residential lots located on Robinwood Avenue, a cul-de-sac off Crenshaw Road, about one and one-half miles west of the City of Visalia in Tulare County. The tract itself was a resubdivision of a portion of Lot 52, Tract 2, Fulgham Highway Acres, and at the time was unserved by any public utility water system.

The Robins System today provides flat rate service to 12 customers with water derived from a single well and distributed through 125 feet of standard screw pipe 2 inches or smaller in

diameter, and 560 feet of 4-inch asbestos-cement pipe. Its principal place of business is 525 North Crenshaw in Visalia. The Robins System today is entirely surrounded by the Visalia District of California Water Service Company (Cal Water), a California corporation engaged as a public utility in the business of supplying and distributing water for domestic and industrial purposes in many California localities including the City of Visalia and surrounding unincorporated portions of Tulare County. Cal Water's principal place of business is 1720 North First Street, Post Office Box 1150, San Jose.

As of December 31, 1981 the Robins System plant, less reserve for depreciation, was reported at a value of \$4,409. Its present rates were authorized effective June 1, 1976 by Resolution W-1904. They provide \$1,277 in revenue annually. In 1981 the Robins System operated at a net loss of \$67. Robins now is anxious to withdraw from the public utility water business and believes it would be to the advantage of his customers for the system to be owned by Cal Water. Accordingly, Robins and Cal Water have reached an agreement whereby for \$2,000 cash Cal Water would purchase the properties, franchises, operation rights, and assets (other than accounts receivable, unbilled revenues, cash, and refundable deposits by customers) of the Robins System, except for the land, well, pumping equipment, pressure tank, and miscellaneous piping supplies. Robins would refund any deposits made by customers to guarantee payment of bills.

Should the sale and transfer proposed be authorized, the Robins System would be disconnected from the Robins' well (see Appendix A map) and the water supply thereafter would be provided by means of a 6-inch main extension from Cal Water's existing 8-inch main in Crenshaw Road. Cal Water would apply its

Visalia District rates. A typical customer would have his rates for water service increased 26%, from \$7.00 to \$8.85 per month. The park area to the south would be transferred to metered service as required under Cal Water's tariffs.

Cal Water mailed a letter on June 9, 1982 to each of the Robins System customers notifying of the proposed sale and transfer and enclosed a copy of its water rate schedule. In that letter customers were also told that any customer who wished to take exception to the sale and transfer could write to the Commission. No communications have been received.

Under Public Utilities Code § 851, Robins and Cal Water request an ex parte order from the Commission:

1. Approving the sale and transfer,
2. Authorizing Robins to discontinue public utility water service, and
3. Authorizing Cal Water to integrate the Robins System into its Visalia District and to furnish public utility water service under its Visalia District water schedule rates and rules.

#### Discussion

In recent years particularly, it has been Commission policy, as expressed by Resolution M-4708 dated August 28, 1979:

"To support and promote the conversion of unviable or marginal water utilities to public ownership or their mergers with more viable entities when opportunities arise and customer service is more likely to improve through such changes than without it."

Such is the situation here. The Robins System now is over 20 years old. It has served a purpose by providing public utility water service when no other service was available. But

it has been able to do this only because Robins has had the financial ability to carry out the construction and operation of the system without regard for any return proportionate to his investment. Were the system to continue to be operated under his ownership it would be entitled to ask authorization for a substantial increase in rates to provide the revenue needed to pay operating and maintenance expenses, depreciation, and taxes, and to allow for a reasonable return to Robins. The system can no longer expand; the 14-acre service territory is an island, completely surrounded by Cal Water's Visalia District. Robins is no longer interested in operating the system and has been offered a fair price to sell it to Cal Water.

For its part Cal Water is a well-managed, experienced, and reputable water utility serving approximately 305,000 homes and businesses in 37 California communities. It has served Visalia and adjacent areas for over 50 years and has an experienced local operating staff available for emergency service 24 hours a day. It also maintains in San Jose a large engineering staff and an experienced sanitary laboratory which would assume responsibility for water quality control.

For these reasons we believe that the sale and transfer of operating authority would be in the public interest. There have been no protests received although ample opportunity was afforded the customers to inform the Commission of any objections. Accordingly, there is no need for a public hearing.

Findings of Fact

1. No protests have been received and a public hearing is not necessary.

2. The proposed sale and transfer would not reduce service reliability. Cal Water has the experience, personnel, and financial resources to operate the system to be transferred and is an efficient and capable operator of water systems.

3. Robins could not, justly and reasonably, be required to continue to provide service at rates significantly less than those applicable to Cal Water's Visalia District.

4. It would be just, reasonable, and nondiscriminatory to apply Cal Water's Visalia District rate structure to service for those customers of the system to be transferred once the transfer is completed.

5. The proposed sale and transfer is not adverse to the public interest.

This authorization is not a finding of the value of the rights and properties to be transferred.

Conclusions of Law

1. The sale and transfer should be authorized.

2. Cal Water should be authorized to apply its existing Visalia District rates to the customers served by the transferred system.

3. Robins should be relieved of his public utility obligations in connection with the transferred system when the sale and transfer are completed.

O R D E R

IT IS ORDERED that:

1. Frederick P. Robins may sell and transfer the water system designated in the opinion to California Water Service Company (Cal Water). This authority to sell and transfer will expire 6 months after the effective date of this order.

2. As a condition of this authorization, Cal Water will assume the public utility obligations of Robins with regard to the transferred system and shall notify the affected customers of the transfer and the rate schedules to apply thereafter, and Robins will refund all existing customer deposits held.

3. Cal Water shall apply its then existing Visalia District tariffs to all services provided customers in the transferred system after the date of transfer.

4. Within 10 days after the sale and transfer, Cal Water shall notify the Commission in writing of the date of sale and transfer, and of the date when the requirements of Ordering Paragraph 2 were completed. On or before the same date Cal Water shall file a revised service area map.

5. Within 10 days after the sale and transfer, Robins shall refund all customer deposits outstanding, and shall notify the Commission in writing of the date when all existing customer deposits are refunded.

6. Within 90 days after actual transfer Cal Water shall file in proper form an annual report on Robins' operation from the first day of the current year through date of transfer.

7. When this order has been complied with, Robins shall have no further obligations in connection with the transferred water system.

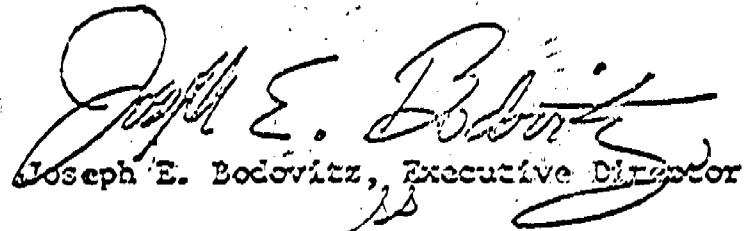
8. Cal Water is placed on notice that for rate fixing purposes only the historical depreciated value of the transferred system will be recognized.

This order becomes effective 30 days from today.

Dated SEP 8 1982, at San Francisco, California.

JOHN E. BRYSON  
President  
RICHARD D. GRAVELLE  
LEONARD M. CRIMES, JR.  
VICTOR CALVO  
PRISCILLA C. CREW  
Commissioners

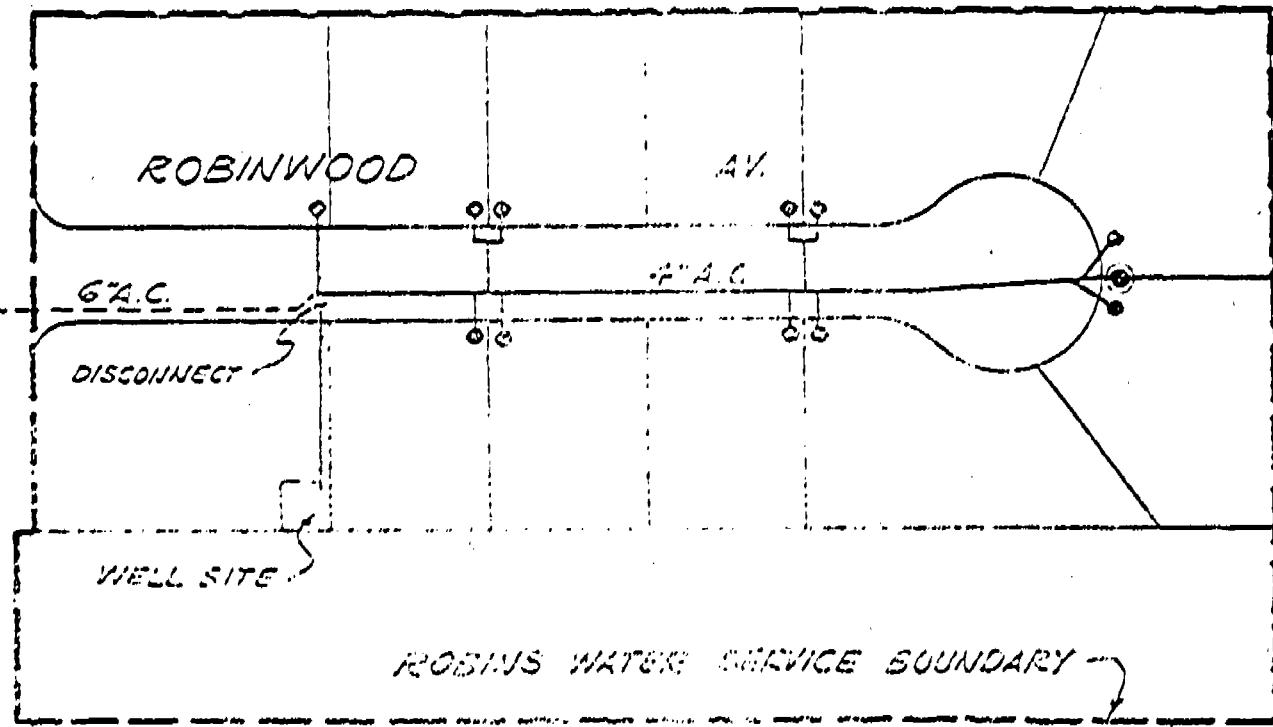
I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

  
Joseph E. Bodovitz, Executive Director

A 82-06-18  
ROBINS-CAL WATER  
TRANSFER  
# SALE

Z APPENDIX A

CRESWELL RD.



— CRESWELL MAINS  
— ROBINS WATER MAINS