

JUL 17 1979

Decision No. 90551

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of DONALD J. EMERSON and the Trust of George Hoberg, established under his Will, DONALD J. EMERSON and JOHN T. SWEENEY, Trustees, doing business as PINE HEIGHTS WATER COMPANY to sell and COBB MUTUAL WATER COMPANY (a non-profit California Corporation), to buy the water system in Lake County.

Application No. 58890
(Filed May 25, 1979)

O P I N I O N

Donald J. Emerson and the Trust of George Hoberg, established under his will, Donald J. Emerson and John T. Sweeney, Trustees (Seller), doing business as the Pine Heights Water Company, request authorization under Section 851 of the California Public Utilities Code to sell and transfer the water system plant to the Cobb Mutual Water Company (Buyer), a nonprofit California corporation, and thereafter to be relieved of all public utility obligations in connection with the system.

The Pine Heights Water Company furnishes domestic water to approximately eight flat rate service customers in and around the community of Cobb, Lake County, California.

Seller was granted a Certificate of Public Convenience and Necessity by Decision No. 57284, dated September 2, 1958, in Application No. 40128.

The filed annual report for the period ending December 31, 1977 shows the original cost of the system as \$13,659, with a depreciation reserve of \$6,464, and a net book cost of \$7,195. There are no contributions or advances for construction. The selling price is \$558.64, which will cancel indebtedness of Pine Heights Water Company to Buyer.

Buyer is a nonprofit California corporation which has been providing water service for 25 years in an area contiguous to the Pine Heights Water Company area. Seller wishes to retire, while Buyer wishes to purchase the system to augment its own system.

The water system plant is itemized in the application. It consists briefly of land valued at \$1,250, one 10-inch well, one 20-hp pump, one 21,000-gallon tank, 2,700 feet of four-inch water main, 200 feet of two-inch water main, eight hydrants, and eight services.

There are no customer deposits to establish credit and no advances for construction.

The existing customers of Pine Heights Water Company presently pay an annual rate of \$39 for a one-family residence on a 10,000-square foot lot, with \$18 additional for an extra building and \$0.24 additional for each 100 square feet of lot size over 10,000 square feet. Cobb Mutual Water Company customers are presently paying \$60 flat rate per year, which represents an increase of 54 percent over the \$39 rate. Cobb Mutual Water Company also charges a \$200 connection fee to new customers. The customers acquired from Pine Heights Water Company will not be charged this fee.

The customers will benefit from belonging to a larger system with better service.

The customers were notified of the proposed sale by publication in the Middletown Times-Star, a newspaper with general distribution in the area, on June 7, 1979. A copy of notice has been placed in the Commission files in this matter. No protests have been received. A staff engineer was able to contact three of the customers, none of whom voiced any objection to the proposed sale.

The Utilities Division and the Finance Division have reviewed the application and recommend that the proposed transfer be authorized.

After consideration the Commission finds that the proposed sale and transfer is not adverse to the public interest; the application should be granted; and a public hearing is not necessary.

It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

The authorization granted herein 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. On or before December 31, 1979, Donald J. Emerson and the Trust of George Hoberg, Donald J. Emerson and John Sweeney, Trustees, may sell and transfer the water system (and other assets) referred to in the application to Cobb Mutual Water Company, a nonprofit California corporation, according to the terms and conditions attached to the application.
2. On or before the date of actual transfer, Seller shall refund all customers' deposits for the establishment of credit, if any, and of advances for construction, if any, which are subject to refund.
3. Within ten days after the completion of the transfer, Seller shall notify the Commission, in writing, of the date of transfer, of the refunding of the deposits, and of the date upon which Buyer shall have assumed operation of the water system. A true copy of the instruments of transfer shall be attached to the notification.

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4. Upon compliance with all of the terms and conditions of this order, Seller shall be relieved of its public utility obligations in connection with the water system transferred.

The effective date of this order shall be thirty days after the date hereof.

Dated JUL 17 1979 at San Francisco, California.

John E. Bayan
President
George L. Spitzer
Charles D. Swally
Alan T. Smith
Edward M. Quinn
Commissioners