

Decision No. 92361 OCT 22 1980

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of A. C. McChesney, doing business)
as McChesney Water Company, to sell)
and Redwood Valley County Water)
District to buy the water system)
in Redwood Valley, Mendocino County.)

Application No. 59938
(Filed September 15, 1980)

O P I N I O N

A. C. McChesney (utility) owns and operates a public utility water system, doing business as McChesney Water Company. Redwood Valley County Water District (district) is a public entity owning and operating a contiguous water system which distributes both domestic and irrigation water. It is organized under the County Water District law.

Utility now serves 85 customers in an area in or near the city of Ukiah, California. It was authorized to acquire the system by Decision No. 83705 in Case No. 9594.

Utility and district have entered into a contract under which utility will transfer all of its system excluding wells, pumps, and tanks to district. District will connect the transferred portion of the system to its own mains and thereby provide service to utility's customers. Before the contract is executed, this Commission must approve. (Section 851, Public Utilities Code.)

The existing water system now is supplied by 3 wells with associated pumping equipment and a chlorinator. Utility owns 2 tanks with a total capacity of 100,000 gallons. It also owns 4,120 feet of main. Each of the 85 residential services is metered; there are 5 fire hydrants on the system.

The original cost of the total system property is \$86,500 and the depreciation reserve on the date of application is \$8,000 with a net book cost of \$78,500.

Utility proposes to donate to district all of its right, title, and interest in the water pipe, line valves, meters, rights-of-way, plus certain personal property. It will retain the wells, pumps, and storage tanks as private property. Once the transfer is completed, district will connect the transferred distribution system to its own transmission plant and assume all responsibility of supplying water in utility's former service territory.

Utility has no customer deposits to establish credit; there are no main extension advances. The only long-term debt owed by the company is to McChesney himself: the debt approximates \$30,000. The last Annual Report shows an annual gross operating income of \$13,700 with a net loss of \$2,520. Management salary during that period was \$2,400.

Supplemental communications show that all customers of utility are and will continue to be voters of the district. Appropriate notices were mailed to each of the customers; no protests have been received by the Commission.

Utility alleges that he desires to dispose of the system because of difficulty in supplying water in an amount, and of a quality, satisfactory to the Mendocino County Health Department. District alleges that it desires to acquire the system because it forms a logical extension of its existing system and is within its service area.

Upon consummation of the transfer, water service in the service territory would no longer be subject to the jurisdiction of this Commission. The control which consumers can exercise over district's management at the ballot box is a more than adequate substitute for regulatory jurisdiction.

Since no protest has been received, it appears that no public hearing is necessary.

We find that no public hearing is necessary and that the proposed transfer would not be adverse to the public interest. We further find that the wells, associated pumping equipment, and tanks are no longer required for service to the public.

We further find that all customers of utility will be able to vote in district elections and that district will assume the responsibility to supply water under reasonable nondiscriminatory rates, conditions, and terms of service throughout the utility service territory.

We conclude that the application should be granted, that utility should be relieved of his public utility obligation, and that the public use attached to wells, associated pumping equipment, and tanks should be terminated.

O R D E R

IT IS ORDERED that:

1. Upon completion of the sale and the transfer authorized by this order, A. C. McChesney shall be relieved of his public utility obligations in connection with the public utility system transferred and the public use imposed on tanks, wells, pumps, and associated equipment retained shall be canceled and terminated.

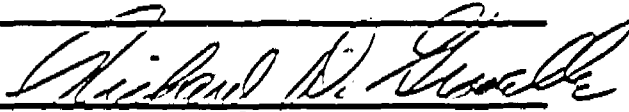
2. A. C. McChesney is hereby authorized to transfer, and Redwood Valley County Water District to acquire, the water system and public utility property now owned by A. C. McChesney with the exception of wells, pumps, associated equipment, and tanks which may be retained, free of public use, by A. C. McChesney.

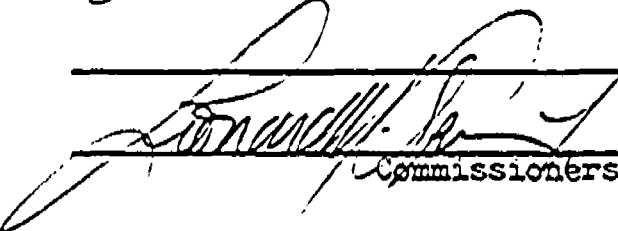
The effective date of this order shall be thirty days after the date hereof.

Dated OCT-22 1980, at San Francisco, California.



President





Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.