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ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Leonard Bear doing)
business as the Hornbrook Water)
Company, to sell and Hornbrook)
Community Services District to)
buy the water system in Hornbrook,)
Siskiyou County, California.)

Application No. 59733
(Filed June 16, 1980)

O P I N I O N

By Application No. 59733 filed June 16, 1980, Leonard Bear (Seller), dba Hornbrook Water Company (Hornbrook Water), seeks authority to sell and Hornbrook Community Services District (District) seeks authority to buy the water system in Hornbrook, Siskiyou County, California. The requested authority is sought pursuant to Public Utilities Code Sections 851 et seq. Notice of the application was published in the Commission's Daily Calendar of June 18, 1980. Further, notice of the proposed transfer was mailed to all customers of Hornbrook Water on July 21, 1980. No protests to the filing were received.

Hornbrook Water is a California corporation engaged in the business of distributing and selling water for domestic purposes in the unincorporated town of Hornbrook, Siskiyou County. The company was incorporated in 1904, in the halcyon days before the onset of public utility regulation. As such, there is no record that the seller, or any other entity, has been granted or possesses a certificate of public convenience and necessity. However, Hornbrook Water has filed rates with the Commission since 1914 and has been accorded de facto public utility status by this Commission which authorized rate increases in 1931 and 1961.

Hornbrook Water operates in an area described as rural, approximately 15 miles north of Yreka, California in and near the community of Hornbrook. The utility currently serves 90 customers. The water system's assets can be catalogued as follows:

- (1) Land - three parcels with a total of 3.52 acres;
- (2) Reservoir - one diversion dam, 4-feet high - 15 lineal feet, 120,000-gallon reservoir;
- (3) Pumping equipment - 15 HP centrifugal;
- (4) Water treatment equipment - two hypo chlorinators;
- (5) Water mains - 5,900 lineal feet; and
- (6) Buildings - reservoir building, pump-house, chlorinator shed.

Seller desires to dispose of the system because funds for necessary revitalization of the system are unavailable at reasonable rates to a private utility. The system needs modification and repair to bring it up to standards set by the State Department of Public Health. Funds will be available to the District under provisions of the California Safe Drinking Water Bond Act of 1976.

The system is being purchased with federal funds granted under provisions of Title I of the Housing & Community Development Act of 1974 (PL 93-383). Under provisions of the Act, an appraisal must be made determining the current market value of the system. District must offer the full market value as a purchase price. In addition, a discontinued business allowance will be paid under provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42-USC 4601). Upon completion of the sale, the water system will no longer be subject to Public Utilities Commission regulation since District is a local government agency.

Based upon all of the foregoing, the Commission concludes that the proposed ownership transfer of Hornbrook Water is in the public interest. Accordingly, we will grant Seller the authority to sell and the District the authority to buy the water system in Hornbrook, Siskiyou County, California.

Findings of Fact

1. Hornbrook Water, a California corporation, is a de facto public utility water system operating under the jurisdiction of the Commission.

2. The District, the proposed buyer, is a local governmental agency.

3. Seller seeks to dispose of the system because funds for necessary revitalization of the system are unavailable at reasonable rates.

4. The District can acquire funds to bring the water system up to standards set by the State Department of Public Health under provisions of the California Safe Drinking Water Bond Act of 1976.

5. The District will purchase the water system with federally provided funds at an appraised price equal to the current market value of the system.

6. Upon completion of the sale, the water system will no longer be subject to Commission jurisdiction.

7. All customers of Hornbrook Water have been notified of this pending application; there is no objection.

8. The effective date of this order should be the date hereof in order to permit the parties to proceed with the scheduled transfer.

Conclusions of Law

1. Pursuant to Section 851 et seq. of the Public Utilities Code, the Commission has jurisdiction to consider the transfer of Hornbrook Water to the District.

2. The application of seller to sell, and the District to buy Hornbrook Water is in the public interest and will be granted.

3. The authorization granted shall not be construed as any finding of the value of the rights and properties authorized to be sold and acquired.

O R D E R

IT IS ORDERED that:

1. Leonard Bear, dba Hornbrook Water Company, may sell and the Hornbrook Community Services District may buy the water system in Hornbrook, Siskiyou County, California.

2. On or before the date of actual transfer seller shall refund all customers' deposits for the establishment of credit, 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 any deposits, and of the date upon which purchaser shall have assumed operation of the water system. A true copy of the instruments of transfer shall be attached to the notification.

4. Upon compliance with all of the terms and conditions of this order, seller shall be relieved of ~~its~~^{his} public utility obligations in connection with the water system transferred.

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The effective date of this order is the date hereof.

Dated NOV 4 1980, at San Francisco, California.

John E. Bruner
President
Hermon L. Sturson
Arthur P. Koval
Clair T. Madril
Edmund M. Young
Commissioners