

Decision No. 44851

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of VICTOR S. VELISSARATOS to sell and the ALISAL WATER CORPORATION to purchase the Velissaratos Water Works.

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Application
No. 31757
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In the Matter of the Application of ALISAL WATER CORPORATION, a corporation, for an order authorizing the issue of stock and of note.

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Application
No. 31758
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O P I N I O N

In these applications, the Commission is asked to make an order authorizing Victor S. Velissaratos to sell a public utility water system to Alisal Water Corporation, and authorizing said corporation to issue a promissory note in the principal amount of \$1,500 and 2,000 shares of common stock without nominal or par value.

The applications show that applicant Velissaratos is engaged in operating a public utility water system at Alisal, East Salinas, California, under a certificate of public convenience and necessity granted by the Commission by Decision No. 43984, dated March 28, 1950, in Application No. 30574. The record in the former application shows that the system supplies approximately 90 consumers.

It appears that applicant Velissaratos desires to have the operations conducted by a corporation and to that end he has caused the organization, on or about May 6, 1950, of Alisal Water Corporation. The new corporation will take over the certificate of public convenience and necessity and the other properties comprising the

water system and thereafter will continue the operations. It has an authorized capital stock of 7,500 shares, all of one class and without nominal or par value.

According to the applications, the present owner's investment in the water system, including cash and other current assets, as of August 1, 1950, was \$20,250. It is proposed that the corporation in acquiring said assets, will assume the payment of accounts payable, reported at \$750 as of the same date, will issue a note in the principal amount of \$1,500, and will issue 2,000 shares of stock against the remaining equity investment in the system which amounts to \$18,000. The proposed note will be unsecured and will be payable in monthly installments of \$50 or more, with interest at the rate of 6% per annum.

Considering the figures reported in these proceedings, it appears that the shares of stock would be issued on a basis of \$9 a share. It has not been the general policy of the Commission to authorize the issue of shares of stock without nominal or par value at such a low stated value. In the present case we believe the corporation's stock should be issued on the basis of \$25 a share, and the order herein accordingly will authorize the issue of not exceeding 720 shares of stock against the reported equity investment of \$18,000.

The Commission is of the opinion that the transfer of properties, as here proposed, will not be adverse to the public interest.

ORDER

The Commission having considered the above entitled matters, and being of the opinion that a public hearing thereon is not

necessary; that the applications should be granted, as herein provided; that the money, property or labor to be procured or paid for through the issue of the note and stock herein authorized is reasonably required by applicants for the purpose specified herein; and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Victor S. Velissaratos, after the effective date hereof and on or before December 31, 1950, may sell to Alisal Water Corporation his certificate of public convenience and necessity and the public utility water system referred to in these applications.
2. Alisal Water Corporation, after the effective date hereof and on or before December 31, 1950, in part payment for said certificate and water system, may issue its note in the principal amount of \$1,500 in substantially the same form as the note filed in these proceedings, and may issue not exceeding 720 shares of its common stock without nominal or par value.
3. The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.
4. Within thirty (30) days after the date of transfer of said properties, the rates, rules and regulations of Victor S. Velissaratos now on file with the Commission shall be refiled in the name of Alisal Water Corporation, in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refileing, Alisal Water Corporation may file a notice of adoption of said presently filed rates, rules and regulations. No increases in the present lawfully filed rates shall be made unless authorized by the Commission.

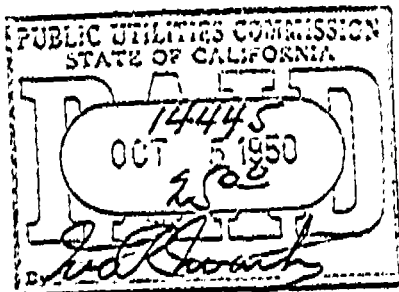
5. On or before the date of actual transfer, Victor S. Velissaratos shall refund all deposits which customers may be entitled to have refunded. If any deposits remain unrefunded, they shall be transferred to and become the obligations for refund of Alisal Water Corporation.

6. If the authority herein granted is exercised, Alisal Water Corporation, within thirty (30) days thereafter, shall notify this Commission in writing of the date of the completion of the sale of said properties and of its compliance with the conditions of this order.

7. Alisal Water Corporation shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

8. The authority herein granted will become effective when Alisal Water Corporation has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is twenty-five (\$25.00) dollars.

Dated at San Francisco, California, this 3rd day of October, 1950.



R. Z. [Signature]
Justice F. Galloway
Harold Hule
Fremont Potter
Commissioners