

ORIGINAL

Decision No. 45353

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
  ) :  
  ) :  
  ) :  
of ) :  
RUSSIAN RIVER GAS CO., ) :  
a California Corporation, ) :  
for Authorization to Issue Stock. ) :  
----- )

Application  
No. 32018  
(and Amendment)

Clifton E. Brooks, for applicants.

O P I N I O N

In this proceeding, the Commission is asked to make an order authorizing N. E. Waltenspiel to transfer his gas properties to Russian River Gas Co., a corporation, and authorizing said corporation to issue 1,093 shares of no par stock of a stated value of \$109,300, and to assume the payment of indebtedness.

N. E. Waltenspiel is, and since 1946 has been, engaged in distributing liquefied petroleum gas to approximately 250 customers in and about Guerneville and Guerneville Park, Sonoma County, and also in the bottle gas business in adjacent territory. His properties include a certificate of public convenience and necessity granted by Decision No. 38332, dated October 30, 1945, authorizing him to exercise the rights and privileges granted by Ordinance No. 229 of the County of Sonoma and to construct, operate and maintain gas mains and facilities in his service area, and physical properties consisting of land and improvements, gas storage, distribution, and shop equipment, and bottles and tanks. As of November 30, 1950, he

the operations. Under the arrangements made, it appears that the corporation will assume the payment of outstanding indebtedness and will issue to N. E. Waltenspiel 993 shares of no par stock of the stated value of \$100 each. The corporation proposes, in addition, to sell for cash 100 shares of stock at \$100 a share for the purpose of providing working capital.

In reviewing this matter it clearly appears that the proposed issue of shares of stock with an aggregate stated value of \$99,300 in payment for properties is based on the reported net investment of N. E. Waltenspiel in his assets, excluding, however, any consideration for the reserve for depreciation of \$26,713.68 which has been accumulated from operations. In our opinion, the proper basis for an order authorizing the issue of stock upon a transfer of properties as here proposed is the reported net investment after deducting the reserve for depreciation. Accordingly, we believe that Russian River Gas Co. in acquiring the business and properties referred to in this proceeding, should be authorized to issue not exceeding 726 shares of stock at a stated value of \$100 a share. In recording the acquisition on its books of account, the corporation should set up its fixed capital and its depreciation reserve accounts to reflect the figures appearing on the books of the transferor at the time of transfer.

In our opinion, the transfer of properties as here proposed will not be adverse to the public interest. The action taken herein, however, shall not be construed to be a finding of the value of the properties herein authorized to be transferred. Applicants have requested, if the Commission concludes to grant their requests, that it make its order effective at once. The Commission has received no protest to the granting of the matter and accordingly it appears that this request <sup>should</sup> ~~can~~ be granted.

O R D E R

A public hearing having been held on the above entitled matter, and the Commission being of the opinion that the requests of applicants should be granted only as herein provided; that the money, property or labor to be procured or paid for through the issue of 826 shares of stock is reasonably required by Russian River Gas Co. for the purposes specified herein; and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. N. E. Waltenspiel, after the effective date hereof and on or before June 30, 1951, may sell and transfer his gas properties, including his certificate of public convenience and necessity, to Russian River Gas Co., a corporation, and Russian River Gas Co., a corporation, in payment for said properties, may assume the payment of outstanding indebtedness at the date of transfer and may issue not exceeding 726 shares of capital stock at a stated value of \$100 a share.
2. Russian River Gas Co., a corporation, after the effective date hereof and on or before December 31, 1951, may issue and sell not exceeding 100 shares of stock for cash at not less than \$100 each, and use the proceeds for working capital to maintain and improve its service and facilities.
3. The request to issue the remaining 267 shares of stock is dismissed without prejudice.
4. Russian River Gas Co., a 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.

5. The rates, rules and regulations of N. E. Waltenspiel now legally on file with the Commission shall be refiled within thirty (30) days after the date of transfer under the name of Russian River Gas Co., a corporation, in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refileing, Russian River Gas Co., a 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.

6. On or before the date of transfer, N. E. Waltenspiel shall refund all deposits which customers are entitled to have refunded. Any unrefunded deposits shall be transferred to and become the obligation for refund of Russian River Gas Co., a corporation.

7. The authority herein granted to transfer properties, to issue stock, and to assume indebtedness is effective upon the date hereof. In other respects, the order herein will become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 13<sup>th</sup> day of February, 1951.

*J. F. Indurand*  
*Justus F. Cassner*  
*Harold P. Kido*  
*George H. Latta*  
*John W. Mitchell*  
Commissioners