

Decision No. 46764

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of JERE STRIZEK, an individual)
 going business as BEN ALI WATER COMPANY,)
 of JESSIE DOW STRIZEK, his wife, and of)
 BEN ALI WATER COMPANY, a corporation, for)
 an order authorizing the transfer of all)
 assets of the water system to the corpora-)
 tion, and further, authorizing the corpora-)
 tion to issue 2500 shares of its no par)
 value common stock to the individual appli-)
 cants, pursuant to Sections 51 and 52 of)
 the Public Utilities Act of the State of)
 California.)
 -----)
 Application)
 No. 33034)

O P I N I O N

This is an application for an order of the Commission authorizing Jere Strizek and Jessie Dow Strizek to transfer properties to Ben Ali Water Company, a corporation, and authorizing said corporation to issue 2,500 shares of its common stock without par value.

The properties proposed to be transferred consist of a public utility water system used in distributing and selling water for domestic and commercial purposes in an area located approximately two miles east of the City of North Sacramento. Reports filed with the Commission by the present owners, who acquired the properties in October, 1950, and by their predecessor, show that the business has grown rapidly since the close of the war, the number of active service connections having increased from 393 at the beginning of 1946 to approximately 3,500 at the present time, the operating revenues from \$16,412 in 1946 to \$103,312 for the first 11 months of 1951, and the net profit from \$8,384 to \$37,684 during the same period. The reported investment in fixed capital and in other assets and the

outstanding liabilities and capital accounts as of November 30, 1951, are reported as follows:

<u>Assets</u>		
Current assets -		
Cash	\$ 1,776.07	
Accounts receivable	6,516.04	
Material and supplies	<u>1,962.80</u>	
Total current assets		\$ 10,254.91
Fixed capital -		
Land	5,850.00	
Plant and equipment	<u>723,503.64</u>	
	729,353.64	
Less-depreciation reserve	<u>20,521.92</u>	
Net fixed capital		708,831.72
Deferred charges		<u>1,063.93</u>
Total		<u>\$720,150.56</u>

<u>Liabilities and Capital</u>		
Accounts payable		\$ 72,102.13
Deferred income		9,075.22
Consumers' advances for construction		382,054.33
Proprietors' capital		<u>256,918.88</u>
Total		<u>\$720,150.56</u>

The present application shows that the present owners now desire to transfer the water operations and properties to a corporation, in order to separate their public utility from their other business, and that they have caused the organization of Ben Ali Water Company to take over the water business and properties and thereafter to operate them as a public utility. The proposed consideration is the assumption by the corporation of the outstanding liabilities and the issue by it of 2,500 shares of stock without par value, such issue being on the basis of approximately \$100 a share.

From a review of the application it is our opinion that the proposed transfer will not be adverse to the public interest. Accordingly, an order will be entered granting the application.

O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing thereon is not necessary; that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for through the issue of the shares of stock herein authorized is reasonably required by Ben Ali Water Company, a corporation, 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. Jere Strizek and Jessie Dow Strizek, after the effective date hereof and on or before June 30, 1952, may sell and transfer their public utility properties to Ben Ali Water Company, a corporation, and said Ben Ali Water Company may assume the payment of the outstanding indebtedness to which reference is made in the preceding opinion and may issue not exceeding 2,500 shares of its common stock without par value in payment for said properties.

2. Ben Ali Water Company, a corporation, upon acquiring said properties under the authority herein granted, shall charge the cost thereof to Account C-27, Cost of Plant Purchased in Lieu of Plant Constructed, and, within six (6) months thereafter, shall file with the Commission its proposed journal entries to distribute such cost to primary fixed capital and other accounts.

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. The rates, rules and regulations of Jere Strizek and Jessie Dow Strizek now on file with the Commission shall be refiled

within thirty (30) days from the date of transfer under the name of Ben Ali Water Company, a corporation, in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refileing, Ben Ali Water Company, a corporation, may file a notice of adoption of said presently filed rates, rules and regulations. No increase in the present rates shall be made unless authorized by the Commission.

5. On or before the date of actual transfer, Jere Strizek and Jessie Dow Strizek 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 Ben Ali Water Company, a corporation.

6. On or before July 31, 1952, Jere Strizek and Jessie Dow Strizek shall file with the Commission a certified copy of each instrument executed to convey said properties to Ben Ali Water Company, a corporation, and a statement indicating the exact date on which they relinquished control and possession of said properties.

7. Ben Ali Water Company, a corporation, shall file with the Commission monthly 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 twenty (20) days after the date hereof.

Dated at San Francisco, California, this 19th day of February, 1952.

J. J. [Signature]
President
Justice J. Calver
Harold P. Hale

Commissioners