

ORIGINAL

Decision No. 45786

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
the GARBERVILLE GAS CORP., a corpora-	:	
tion, for an order authorizing the	)	
transfer of assets to Blue Star Gas	:	Application
Co., a corporation. Authority is	)	No. 33146
sought under Section 851 of the Public	:	
Utilities Code.	)	
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O P I N I O N

This is an application for an order of the Commission authorizing Garberville Gas Corp. to sell and transfer assets to Blue Star Gas Co., a corporation.

Applicant is a California corporation engaged in the business of purchasing liquid propane or butane, converting the same to gas and, as a public utility, in distributing such gas to consumers in Garberville, and also in the business of delivering liquid petroleum by tank trucks in the vicinity of Garberville and in selling and servicing gas appliances. For the eleven months ended December 31, 1951, it reported total revenues of \$107,698.83, including utility revenues of \$29,395.18, and net income after all charges of \$232.39.

It is reported in this proceeding that applicant has concluded it would be to its advantage to separate its nonutility from its utility operations and that it has made, or is making, arrangements to transfer its nonutility assets to a new corporation which it has caused to be organized for the purpose of receiving such assets and thereafter of continuing the nonutility activities. The new corporation will assume the payment of applicant's outstanding

liabilities, except one-half of the balance due on a note issued to Paul F. Stewart, amounting to \$7,220.13, and federal income taxes of \$95.46, and will issue to applicant 9,900 shares of its capital stock.

The effect of the proposed transaction on applicant's financial structure is indicated by the following tabulation showing applicant's balance sheet as of December 31, 1951, and a pro forma balance sheet giving effect to the transfer:

<u>Assets</u>	<u>Dec. 31, 1951</u>	<u>Pro Forma</u>
Current assets -		
Cash	\$ 4,247.01	\$ 87.60
Accounts receivable	18,079.37	6,692.46
Inventories	14,225.35	- -
Total current assets	<u>36,551.73</u>	<u>6,780.06</u>
Property, plant, equipment -		
Land	4,481.52	- -
Structures and equipment	103,282.91	21,698.81
Less-depreciation reserve	(27,662.17)	(6,969.64)
Net	<u>80,102.26</u>	<u>14,729.17</u>
Other assets	4,535.68	2,810.36
Stock of Blue Star Gas Co.	- -	54,959.70
Total	<u>\$121,189.67</u>	<u>\$79,279.29</u>
 <u>Liabilities</u>		
Current liabilities	\$ 29,134.65	\$ 95.46
Note to Paul F. Stewart	14,440.26	7,220.13
Other notes	5,651.06	- -
Total liabilities	<u>49,225.97</u>	<u>7,315.59</u>
Capital stock	67,050.00	67,050.00
Surplus	<u>4,913.70</u>	<u>4,913.70</u>
Total	<u>\$121,189.67</u>	<u>\$79,279.29</u>

Applicant proposes to carry the shares of stock of Blue Star Gas Co. on its books at the present book value of the assets to be transferred to the corporation. At a later date it may make arrangements to distribute such shares to its stockholders.

Certain of the properties proposed to be transferred have been used for both utility and nonutility purposes, although the greater use has been in connection with the nonutility activities.

As to these properties the Commission, if called upon to fix rates in the future, will determine at that time what portion, if any, of such properties should be allocated to the utility business.

The application indicates that as a result of the transfer certain savings in taxes should be effected and accounting procedures simplified. In our opinion the transaction will not be adverse to the public interest, and accordingly we will enter our order granting applicant's request.

Applicant requests that the Commission make December 31, 1951, the effective date of the proposed transfer. However, we cannot make a retroactive order in this matter, nor can applicant execute a deed conveying the properties until after the order of the Commission has become effective. We have no objection, however, if applicant for accounting purposes adopts an as of date of December 31, 1951, in recording the transaction on its books.

Q 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 and that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Garberville Gas Corp., after the date hereof and on or before April 30, 1952, may transfer to Blue Star Gas Co. the properties referred to in this application, such transfer to be made under the terms and conditions set forth herein.

2. The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

3. Within thirty (30) days after transfer of the properties referred to in this proceeding, applicant shall file with the Commission a certified copy of the deed, or deeds, of conveyance executed by it.

4. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this 26<sup>th</sup> day of February, 1952.

A. J. Simpson  
President

Justus F. Calver  
Harold F. Hula  
John E. McMillan

Commissioners