

Decision No. 49215

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of DESERT HOT SPRINGS WATER)	
CO. for Permission to dissolve and trans-	:	
fer its assets and the operation of its)	
facilities to its stockholders; and the	:	
Application of NELSON M. LAUNER, RUTH D.)	
LAUNER, EUNICE L. HARRIS, RUTEMARIE	:	
GROBER, WALTER B. CHAFFEE, MARGARET)	Application
CHAFFEE, ALBERT LAUNER AND LULU C. LAUNER,	:	No. 34773
for Permission to sell the water system in)	
Desert Hot Springs, California, to the	:	
DESERT HOT SPRINGS COUNTY WATER DISTRICT.)	
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O P I N I O N

This is an application for an order of the Commission authorizing the transfer of the water system now owned by Desert Hot Springs Water Co. to Desert Hot Springs County Water District.

Desert Hot Springs Water Co. is a California corporation which is, and since 1946 has been, engaged in operating a system for the distribution of water to approximately 500 customers in and about Desert Hot Springs, Riverside County. For the last three years it has reported its revenues and expenses as follows:

	<u>1950</u>	<u>1951</u>	<u>1952</u>
Operating revenues	\$23,158	\$23,581	\$24,895
Deductions -			
Operating expenses	12,127	13,731	12,783
Depreciation	13,167	13,198	13,443
Taxes	<u>1,358</u>	<u>1,679</u>	<u>2,145</u>
Total	<u>26,652</u>	<u>28,608</u>	<u>28,371</u>
Operating loss	<u>\$(3,494)</u>	<u>\$(5,027)</u>	<u>\$(3,476)</u>

In Exhibit B filed in this proceeding Desert Hot Springs Water Co. has reported its assets, liabilities and net worth as follows:

Assets

Utility plant -		
Fixed capital	\$262,905	
Less-depreciation reserve	<u>65,542</u>	
Net utility plant		\$197,363
Current assets		<u>12,092</u>
	Total	<u>\$209,455</u>

Liabilities and Net Worth

Current liabilities		\$ 201
Contributions in aid of construction		132,232
Capital stock		100,000
Deficit		<u>(22,978)</u>
	Total	<u>\$209,455</u>

The outstanding shares of stock, consisting of 1,000 shares of the par value of \$100 each, are reported held by the following:

Nelson M. Launer and Ruth D. Launer, as joint tenants	910	shares
Albert Launer and Lulu C. Launer, as joint tenants	15	"
Walter B. Chaffee and Margaret Chaffee, as joint tenants	15	"
Eunice L. Harris	30	"
Ruthmarie Gruber	<u>30</u>	"
	Total	<u>1,000</u> shares

The application shows that Desert Hot Springs County Water District was organized on February 16, 1953, for the purpose of taking over the water system of Desert Hot Springs Water Co., that on June 29, 1953, it entered into an agreement with all the shareholders of the stock of Desert Hot Springs Water Co. for the purchase of the assets comprising the water system, and that it has sold bonds in the amount of \$250,000 and now has the moneys available to acquire the system and to undertake the operations.

The agreement with the shareholders of the present water utility provides for the transfer of the water supply, storage and distribution system, excluding all accounts receivable and cash on hand, for the sum of \$157,500. In completing the transaction it is proposed for the corporation first to dissolve and to distribute its assets to its shareholders and for the shareholders thereafter to transfer the physical properties to the district.

Upon reviewing this matter we are of the opinion that the proposed transfer will not be adverse to the public interest and that an order should be entered granting applicants' requests. The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

ORDER

The Commission having considered the above entitled matter, and being of the opinion that a public hearing is not necessary and that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Desert Hot Springs Water Co., a corporation, upon dissolution of its affairs, may distribute its assets to its shareholders.

2. Nelson M. Launer, Ruth D. Launer, Eunice L. Harris, Ruthmarie Gruber, Walter B. Chaffee, Margaret Chaffee, Albert Launer and Lulu C. Launer may sell and transfer the assets comprising the water system now operated by Desert Hot Springs Water Co. to Desert Hot Springs County Water District, under the terms set forth in the agreement dated June 29, 1953, filed in this proceeding as Exhibit A. Pending the sale and transfer of said assets to the district, Nelson M. Launer, as agent and manager for the shareholders, shall continue to operate the water system and shall file with the Commission a notice of adoption of the presently filed rates, rules and regulations of Desert Hot Springs Water Co.

3. Upon the acquisition and operation of the water system by Desert Hot Springs County Water District under the authorization herein granted, said Nelson M. Launer, Ruth D. Launer, Eunice L. Harris, Ruthmarie Gruber, Walter B. Chaffee, Margaret Chaffee, Albert Launer and Lulu C. Launer may discontinue their public utility

operations and shall stand relieved of their obligations to operate a public utility water system.

4. On or before the date of actual transfer to the district, Desert Hot Springs Water Co. and/or Nelson M. Launer, et al., shall refund all deposits which customers are entitled to have refunded.

5. If the authority herein granted is exercised, Nelson M. Launer, Ruth D. Launer, Eunice L. Harris, Ruthmarie Gruber, Walter B. Chaffee, Margaret Chaffee, Albert Launer and Lulu C. Launer, within 30 days thereafter, shall notify the Commission in writing of the date of the completion of the transfer herein authorized and of their compliance with the terms hereof.

6. The authority herein granted will become effective 20 days after the date hereof.

Dated at San Francisco, California, this 20th day of October, 1953.

R. E. [Signature]
President

Justin J. [Signature]

[Signature]

[Signature]

[Signature]
Commissioners