

ORIGINAL

Decision No. 51280

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of MARGARET R. UTT (Tustin	)	
Water Works) for order authorizing trans-	:	
fer of assets to TUSTIN WATER WORKS, a	)	Application
corporation, and application of TUSTIN	:	No. 36768
WATER WORKS, a corporation, for per-	)	
mission to issue shares.	:	
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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 Tustin Water Works to a corporation and the issue of shares of stock.

The application shows that in 1932 the properties comprising the Tustin Water Works were transferred by Margaret R. Utt to First National Bank in Santa Ana, as trustee named in a declaration of trust which provided for full management and control of the water system to be exercised by the trustor during her lifetime and for the proceeds from the operation of the system to accrue to the benefit of the trustor or her heirs. In 1951 Margaret R. Utt, et al., as trustors, transferred in trust certain assets, consisting primarily of cash and securities, for the purpose of establishing a fund which would be available for use in the conduct and operation of the Tustin Water Works, without security, and at a rate of interest of not to exceed 1% per annum. It is reported that the assets of said trust now are of the approximate value of \$100,000. At November 30, 1954, the water

system was indebted to the trust in the amount of \$93,000.

It appears that in the event of the death of the trustor, First Western Bank and Trust Company, successor to First National Bank in Santa Ana, as trustee, will assume full powers of management of the water works. Margaret R. Utt is desirous that such management should remain with the members of the family who are the beneficiaries under the trust and therefore she has directed the trustee to sell and convey all the assets held by it to Tustin Water Works, a corporation which has been formed for the purpose of acquiring such assets and of continuing the public utility operations. In addition, the beneficiaries, trustees and trustors under the 1951 trust agreement have agreed to transfer all the corpus of said trust to the new corporation.

Tustin Water Works, a corporation, was organized on August 25, 1954, with an authorized capital stock of 16,000 shares, divided into 3,000 shares of 5% preferred stock and 3,000 shares of 3% preferred stock, of the par value of \$100 each, and 10,000 shares of common stock without par value. It proposes to issue its shares of 5% preferred stock in exchange for the water works assets and to issue shares of common stock in exchange for the trust assets. A pro forma balance sheet giving effect to the transfer of the properties and to the issue of shares of stock, as of November 30, 1954, is as follows:

Assets

Current assets		\$ 24,206.84
Fixed assets -		
Depreciable assets	\$437,141.88	
Less-depreciation reserve	<u>107,777.49</u>	
	329,364.39	
Other fixed capital	<u>22,377.10</u>	
Total fixed assets		351,741.49
Other assets		<u>1,118.15</u>
	Total	<u>\$377,066.48</u>

Liabilities and Capital

Current and accrued liabilities		\$ 14,417.11
Notes payable		33,900.00
Consumers' advances		65,331.56
Donations in aid of construction		22,591.50
Preferred stock (1,448 shares)		144,800.00
Common stock (1,000 shares)		<u>96,026.31</u>
	Total	<u>\$377,066.48</u>

Upon reviewing the application we are of the opinion, and so find, that the proposed transfer will not be adverse to the public interest. Accordingly, an order will 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.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for by the issue of the shares of stock herein authorized is reasonably required by applicant corporation 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. Margaret R. Utt and/or First Western Bank and Trust Company may transfer to Tustin Water Works, a corporation, the public utility water system referred to in this proceeding.

2. Tustin Water Works, a corporation, on or after the effective date hereof and on or before July 31, 1955, in payment for such water works properties, may issue not exceeding 1,448 shares of its 5% preferred stock of the aggregate par value of \$144,800 and may assume the payment of outstanding indebtedness, as set forth in this proceeding.

3. Tustin Water Works, a corporation, on or after the effective date hereof and on or before July 31, 1955, may issue not exceeding 1,000 shares of its common stock without par value for the purpose set forth in this proceeding.

4. On or before the date of actual transfer, Margaret R. Utt 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 Tustin Water Works, a corporation.

5. The rates, rules and regulations of Margaret R. Utt now on file with the Commission shall be refiled within 30 days after the date of transfer under the name of Tustin Water Works, a corporation, in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refiled, Tustin Water Works, 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.

6. If the authority herein granted is exercised, Tustin Water Works, a corporation, within 30 days thereafter, shall notify the Commission in writing of the date of the completion of the transaction, and shall file a certified copy of the grant deed and bill of sale as executed.

7. Tustin Water Works, 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 on the date hereof.

Dated at San Francisco, California, this 5th day of April, 1955.

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President

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Commissioners