

Decision No. 52812

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of the RUNNING SPRINGS FOREST WATER  
COMPANY, a co-partnership, for  
permission to transfer the physical  
assets, business, operating rights,  
and all other assets and appurtenances  
of said company, to the RUNNING SPRINGS  
FOREST WATER COMPANY, a corporation;

AND

The Application of the RUNNING SPRINGS  
FOREST WATER COMPANY, a corporation,  
for permission to issue 400 shares of  
its capital stock to B. DADE DAVIS,  
LLOYD SOUTAR, J. E. MOHAN and WALTER  
WEST.

Application  
No. 37513

O P I N I O N

This is an application for an order of the Commission authorizing Running Springs Forest Water Co., a corporation, to issue 400 shares of its no-par value common stock in payment for public utility operative rights and properties of B. Dade Davis, Lloyd Soutar, J. E. Mohan and Walter West, copartners doing business as Running Springs Forest Water Company.

The application shows that the four partners are engaged in operating a small public utility water system in an area known as Running Springs in the San Bernardino Mountains northeasterly of the City of San Bernardino. Information before the Commission shows that they were certificated by Decision No. 42844, dated May 10, 1949, in Application No. 29435, and that thereafter they filed their schedules of rates and undertook to give domestic water service to a small number of customers, a total of 18 being reported

served at the close of 1954. Their annual reports filed with the Commission indicate the results of operations as follows:

	<u>Gross Revenue</u>	<u>Loss</u>
1950	\$1,600	\$ 300
1951	No report available	
1952	None	3,051
1953	None	3,211
1954	1,886	1,163

Revenues were not collected in 1952 and 1953.

In presenting this application to the Commission applicants have caused to be filed a schedule of utility plant at the close of 1955 in the amount of \$39,004.99 and a depreciation schedule covering the period 1949 through 1955 in the amount of \$9,956.11, leaving a net balance in the plant accounts in the aggregate amount of \$29,048.88. It appears that the plant accounts as thus submitted consist of \$37,566.71, representing appraisal figures as of June 1948, and \$1,438.28 representing the net cost of subsequent additions to the water system.<sup>1/</sup>

The present owners now report that they desire to change the form of the business entity from that of a copartnership to that of a corporation. They have organized Running Springs Forest Water Co., a corporation, and they propose to transfer to it their operative rights and properties in exchange for 400 shares of no-par value stock to be divided equally among the four partners. It is asserted that, aside from the corporate form of ownership, there

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<sup>1/</sup> A copy of the appraisal report prepared by Rowe and Webb, Civil Engineers, was filed as Exhibit 4 in Application No. 29435 at the time the present owners were seeking their certificate. The report sets forth that the appraisal was based on actual costs of construction.

will be no change in the control, operation, or management of the water business.

Upon reviewing this matter we are of the opinion, and so find, that the transfer to a corporation as proposed will not be adverse to the public interest, that the money, property or labor to be procured or paid for through the issue of 400 shares of no-par value common stock herein authorized is reasonably required by Running Springs Forest Water Co., 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.

The approval herein indicated is for the issuance of certain securities only and is not to be construed as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates nor as 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 being fully advised in the premises,

IT IS HEREBY ORDERED:

1. That B. Dade Davis, Lloyd Soutar, J. E. Mohan and Walter West, copartners doing business as Running Springs Forest Water Company, may transfer their public utility operative rights and properties on or before September 30, 1956, to Running Springs Forest Water Co., a corporation.

2. That Running Springs Forest Water Co., a corporation, in payment for said operative rights and properties, may issue not exceeding 400 shares of its no-par value common stock.

3. That none of the shares of stock authorized by paragraph 2 hereof shall be sold or issued unless and until applicant corporation first shall have selected an escrow holder and said escrow holder first shall have been approved by the Commission; that when issued all documents evidencing any of said shares of stock shall be deposited with said escrow holder forthwith, to be held as an escrow pending the further written order of the Commission; that the receipt of said escrow holder for said documents shall be filed with the Commission; and that the owners or persons entitled to said shares shall not consummate a sale or transfer of said shares, or any interest therein, or receive any consideration therefor, until the written consent of the Commission shall have been obtained so to do.

4. That the rates, rules and regulations of Running Springs Forest Water Company, a co-partnership, now on file with the Commission shall be refiled within 30 days after the date of transfer under the name of Running Springs Forest Water Co., a corporation, in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refiling, Running Springs Forest Water Co., 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. That on or before the date of actual transfer, sellers 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 Running Springs Forest Water Co., a corporation.

6. That if the authority herein granted is exercised, Running Springs Forest Water Co., a corporation, within 30 days thereafter, shall notify the Commission in writing of the date of completion of the transfer herein authorized and shall file a certified copy of the deed of conveyance.

7. That Running Springs Forest Water Co., a corporation, within 30 days after the issue of said shares of stock shall file with the Commission a report as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order, and a report showing the journal entries used to set up on its books of account the acquisition of the properties herein authorized to be transferred.

8. That the authority herein granted will become effective 20 days from the date hereof.

Dated at San Francisco, California, this 27th day of March, 1956.

*Arthur L. Mitchell*  
President

*Justus J. Casner*  
*Raymond Winters*

*William J. Dool*  
*R. J. Hardy*  
Commissioners