

ORIGINAL

Decision No. 55677

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of FIRST WESTERN BANK AND TRUST COMPANY, as trustee under the trust created by the will of Bertha Dobrzensky, deceased, and doing business, as such trustee, as NEWMAN WATER WORKS COMPANY, for an order authorizing the transfer of certificates of public convenience and necessity to NEWMAN WATER WORKS, INC., a corporation, and for an order authorizing the issuance of capital stock.

Application No. 39422

O P I N I O N

This is an application for an order authorizing First Western Bank and Trust Company, as trustee, to transfer a water system located at Newman, California, to Newman Water Works, Inc., and authorizing Newman Water Works, Inc., to issue 10 shares of stock without par value.

The application shows that First Western Bank and Trust Company is the duly appointed, qualified and acting trustee under the trust created by the will of Bertha Dobrzensky, deceased, and established pursuant to a Decree of Distribution made, entered and filed on the 20th day of April, 1954, in the Superior Court of the State of California, in and for the County of Stanislaus, that a part of the assets of the trust estate consists of properties and assets of a water company known as the Newman Water Works Company, a public utility, and that said trustee since the entry of the Decree of Distribution and the establishment of the trust has been

operating said water company. In 1956, the trustee reported operating revenues in the amount of \$30,082 and net income of \$1,556.

According to Exhibit D filed in this proceeding, the assets, liabilities and capital of the water company as of June 30, 1957, are as follows:

Assets

Current assets	\$5,856	
Less - current liabilities	<u>1,521</u>	
Net current assets		\$ 4,335
Tangible assets, less reserve		60,463
Organization expense		<u>100</u>
Total		<u>\$64,898</u>

Liabilities and Capital

Long-term liabilities	\$ 8,750
Advances for construction	3,120
Proprietary capital	<u>53,028</u>
Total	<u>\$64,898</u>

It now appears that the Superior Court on June 11, 1957, entered an order authorizing and instructing the trustee to take the necessary action to incorporate the Newman Water Works Company's business under the laws of the State of California and to transfer all the business assets, subject to business liabilities, to the new corporation in consideration of and in exchange for all of the capital stock of the corporation. Under the arrangements contemplated, the new corporation will assume the liabilities and will issue 10 shares of its common stock at a total stated value of \$53,028, that being the amount of the reported proprietary capital.

From a review of this application, we are of the opinion and so find, that the proposed transfer will not be adverse to the public interest, that the money, property or labor to be procured or paid for by the issue of the said shares of stock is reasonably required for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, and that an ex parte order should be entered granting the application.

The authorization herein granted shall not be construed as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

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 and that the application should be granted; therefore,

IT IS HEREBY ORDERED as follows:

1. First Western Bank and Trust Company, as trustee under the trust created by the will of Bertha Dobrzensky, deceased, may transfer all the business, properties and assets of the Newman Water Works Company to Newman Water Works, Inc., as set forth in this application.
2. Newman Water Works, Inc., in acquiring said business, properties and assets may assume the payment of outstanding liabilities as reflected in Exhibit D filed in this proceeding, subject to changes occurring therein in the ordinary course of business, and may issue not to exceed 10 shares of its common stock.

3. The rates and rules covering the water service pertaining to the properties herein authorized to be transferred shall be refiled within 30 days after the date of actual transfer under the name of Newman Water Works, Inc., all in accordance with the procedure prescribed by General Order No. 96, or in lieu of such refileing, Newman Water Works, Inc., may file a notice of adoption of said presently filed rates and rules. No increase in the present rates shall be made unless otherwise authorized by the Commission.

4. On or before the date of actual transfer, First Western Bank and Trust Company, as trustee, shall refund all consumers' deposits and all advances for construction which are subject to refund. Any unrefunded deposits and advances for construction shall be transferred to and shall become the obligation for refund of Newman Water Works, Inc.

5. On or before the date of actual transfer, First Western Bank and Trust Company, as trustee, shall transfer and deliver to Newman Water Works, Inc., and the latter shall receive and preserve all available records, memoranda and papers pertaining to the construction and operation of the properties herein authorized to be transferred.

6. If the transfer of properties herein authorized is exercised, First Western Bank and Trust Company, as trustee, within 30 days thereafter, shall notify the Commission in writing of the date of the completion of the property transfer.

7. Upon due compliance with all the terms of this order, First Western Bank and Trust Company, as trustee, shall stand

relieved of all further public utility obligations and liabilities in connection with the operation of the public utility water system herein authorized to be transferred.

8. Newman Water Works, Inc., shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

9. This order will become effective 20 days after the date hereof.

Dated at San Francisco, California, this 15th day of October, 1957.

(Signature)
 President

(Signature)

(Signature)

(Signature)

(Signature)
 Commissioners