

**ORIGINAL**

Decision No. 55679

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of BANNING WATER COMPANY,  
a public utility, for authority to  
issue shares of its capital stock.

} Application No. 39432

O P I N I O N

Under authorization granted by Decision No. 54560, dated February 19, 1957, City Water Company of Banning and Banning Water Company entered into a consolidation agreement dated April 8, 1957, under the terms of which the two companies were consolidated into a new corporation, also named Banning Water Company. The two corporations reported that at a later date the consolidated corporation would file a new application for authorization to issue shares of stock to complete the transaction.

Banning Water Company, the consolidated corporation, now has filed the above-entitled application for authorization to issue shares of stock. The consolidation agreement provides that 20 shares of its capital stock shall be issued for each share of stock of the former City Water Company of Banning. No stock of the consolidated corporation is to be issued for the stock of the former Banning Water Company, because of an identity of ownership existing among the shareholders of the two former companies. The issue of the shares of stock of the new corporation for the shares of the City Water Company of Banning will result in applicant's stock being held in exact accordance with the beneficial ownership of both of the former corporations.

Presently, City Water Company of Banning has outstanding 2,944.4 shares of stock. The issue of the 20 shares of the new corporation's stock for each share of the stock of City Water Company of Banning will call for a total issue of 58,888 shares of applicant's stock of the par value of \$5 each and an aggregate par value of \$294,440. However, because of the existence of fractional shares, applicant, in order to issue stock only in units of one share or more, desires to retire such fractional shares either by buying said fractional shares at par or by selling to the owners thereof, at par, an additional fraction sufficient to create a full share. This would call, at the most, for the issue of seven additional shares.

It appears that the action now before the Commission is merely designed to complete the terms of the consolidation agreement heretofore authorized. We are of the opinion, therefore, that a public hearing is not necessary in this proceeding, 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 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 the application should be granted.

The authorization herein given is for the issue of the shares of stock 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.

O R D E R

The Commission having considered the above-entitled matter and being of the opinion that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Banning Water Company may issue not to exceed 58,888 shares of its \$5 par value common stock in exchange for existing shares of stock of City Water Company of Banning in order to carry out the terms of the consolidation agreement dated April 8, 1957.

2. Banning Water Company may issue and sell, at par, to each holder of fractional shares of City Water Company of Banning stock, an additional fractional share sufficient to constitute one full share, as set forth in this application, and use the proceeds for additions and improvements. Applicant may purchase such outstanding fractional shares at par.

3. Banning Water Company 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.

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

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

*John E. Mitchell*  
President  
*Paul W. [unclear]*  
*Michael [unclear]*  
*R. [unclear]*  
*L. [unclear]*  
Commissioners