

**ORIGINAL**

Decision No. 56189

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of W. H. Lambert (dba Los Osos Valley Water Company) to sell the water system in Los Osos Highlands Nos. 1 and 2 and surrounding vicinity, County of San Luis Obispo; and application of Los Osos Valley Water Company, a corporation, to purchase said water system and to issue common stock in the amount of \$25,000.00.

Application No. 39671

OPINION AND ORDER

In this proceeding, the Commission is asked to make an order authorizing the transfer of the public utility water facilities of W. H. Lambert to Los Osos Valley Water Company, a corporation, and issue of shares of stock by the corporation.

The application shows that W. H. Lambert is engaged in operating a public utility water system serving approximately 70 customers in an unincorporated area of San Luis Obispo County known as Los Osos Highlands Subdivisions Nos. 1 and 2. His financial reports filed with the Commission show operating revenues of \$3,811 in 1956 and \$3,965 during the first ten months of 1957, with net income of \$1,165 in 1956 and \$1,544 in the 1957 period. His statement of assets, liabilities and capital as of October 31, 1957, as adjusted to reflect the reclassification of the accounts by a member of the Commission's staff, is as follows:

Assets

Utility plant, less reserves	\$26,108.39
Cash	<u>424.27</u>
Total	<u>\$26,532.66</u>

Liabilities and Capital

Advances for construction	\$ 1,068.65
Customers' deposits	74.50
Proprietary capital	<u>25,389.51</u>
Total	<u>\$26,532.66</u>

It appears that W. H. Lambert now desires to conduct his operations by means of a corporate form of organization, that he has organized Los Osos Valley Water Company and that he proposes to transfer his assets to it, subject to outstanding liabilities, in exchange for \$25,000 par value of common stock.

From a review of the application, it appears that the proposed transfer will not result in any change of the operations and, accordingly, we are of the opinion, and so find, that such transfer will not be adverse to the public interest and should be approved by an ex parte order; therefore,

IT IS HEREBY ORDERED as follows:

1. W. H. Lambert, on and after the effective date hereof and on or before July 1, 1958, may transfer his public utility water system and business to which reference is made in this proceeding to Los Osos Valley Water Company, a corporation.

2. Los Osos Valley Water Company, a corporation, upon acquiring such water system and business, shall assume the payment of outstanding liabilities and may issue not exceeding \$25,000 par value of its common stock, it being the opinion of the Commission that the money, property or labor to be procured or paid for by the issue of such stock herein authorized is reasonably required for the purposes specified herein and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

3. The authority 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 nor as a *finding that all* the water facilities to be transferred are operative capital facilities at this time.

4. The rates, rules and regulations of W. H. Lambert, doing business as Los Osos Valley Water Company, now on file with the Commission shall be refiled within 30 days after the date of transfer under the name of Los Osos Valley Water Company, in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refiling, Los Osos Valley Water Company 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. On or before the date of actual transfer W. H. Lambert shall refund all customers' deposits and advances for construction which are subject to refund. Any such unrefunded deposits and advances shall be transferred to and shall become the obligation for refund of Los Osos Valley Water Company.

6. On or before the date of actual transfer W. E. Lambert shall transfer and deliver to Los Osos Valley Water Company, a corporation, and the latter shall receive and preserve all records, memoranda, and papers pertaining to the construction and operation of the public utility water system herein authorized to be transferred.

7. If the authority herein granted is exercised, W. H. Lambert, within 30 days thereafter, shall notify the Commission in writing of the date of completion of the transfer.

8. Upon compliance with the terms of this order, W. H. Lambert shall stand relieved of all further public utility obligations in connection with the operation of the public utility water system herein authorized to be transferred.

9. Los Osos Valley 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.

10. The authority herein granted will become effective twenty days after the date hereof.

Dated at San Francisco, California, this 4<sup>th</sup> day of February, 1958.

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President  
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Commissioners