

ORIGINAL

Decision No. 58384

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

HARRY C. WILSON and MARTHA A.
WILSON, doing business as
SUMMER HOME PARK WATER CO.
and of REDWOOD WATER CO., INC.,
a corporation,

Application No. 41024

for an order authorizing the trans-
fer of assets, business and operating
rights, and for an order authorizing
REDWOOD WATER CO., INC. to issue
securities.

O P I N I O N

This is an application for an order of the Commission
(1) authorizing Harry C. Wilson and Martha A. Wilson, doing
business as Summer Home Park Water Co., to transfer their proper-
ties and operations to Redwood Water Co., Inc., and (2) authorizing
Redwood Water Co., Inc., to issue \$7,000 par value of common stock.

Applicants Wilson are engaged in operating a public
utility water system serving approximately 55 consumers in Summer
Home Park and vicinity near Forestville, Sonoma County. It appears
that they desire to conduct their operation by means of a corporate
form of organization and they have made arrangements to transfer
their water properties and operations to Redwood Water Co., Inc.,
a corporation which they have organized for the express purpose of
taking over such property and operations and of continuing the water
service. The new corporation will adopt the rates of the present
owners and will issue \$7,000 par value of common stock to them in
consideration for the transfer.

In a financial statement filed in this proceeding, applicants Wilson report operating revenues for the first eight months of 1958 at \$3,246, with net profit of \$78, and recorded values of assets and proprietary capital, as of August 31, 1958, as follows:

<u>Assets</u>	
Current assets	
Cash	\$ 27
Accounts receivable	482
Materials and supplies	<u>50</u>
Total current assets	\$ 559
Tangible assets, less reserve	<u>7,467</u>
Total	<u>\$8,026</u>
 <u>Liabilities and Capital</u>	
Proprietary capital	<u>\$8,026</u>

Recently, the Commission has had occasion to review the affairs of this utility and by Decision No. 58250, dated April 7, 1959, in Application No. 40517, authorized the company to file increased rates which were designed to produce a return, during the estimated year 1959, of 5.8% on a rate base of \$9,920. The decision ordered the owners of the utility to file a comprehensive map of their system, to undertake certain improvements and to file definitive plans for the future installation of additional facilities.

Upon reviewing the present application, we are of the opinion, and so find, that the proposed transfer to the corporation under the terms set forth in the order herein will not be adverse to the public interest. The order will be conditioned upon the corporation assuming the obligations imposed by Decision No. 58250.

The authority herein granted shall not be construed to be a finding of the value of the properties herein authorized to be transferred nor as indicative of amounts to be included in a future rate base for the determination of 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, that the money, property or labor to be procured or paid for through the issue of the stock herein authorized 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; therefore,

IT IS HEREBY ORDERED as follows:

1. Harry C. Wilson and Martha A. Wilson, on and after the effective date hereof and on or before November 30, 1959, may sell and transfer their public utility water system to Redwood Water Co., Inc., according to the terms and conditions set forth in the application. The foregoing authority is conditioned upon the following:

(a) Redwood Water Co., Inc., within 30 days after the date of transfer, shall file with this Commission a verified statement stipulating that it will assume all obligations for compliance with Ordering Paragraphs Nos. 2, 3 and 4 of Decision No. 58250.

2. Redwood Water Co., Inc., on and after the effective date hereof and on or before November 30, 1959, may issue not to exceed 700 shares of its common stock of the par value of \$7,000 in payment for the properties herein authorized to be transferred.

3. The rates and rules of Harry C. Wilson and Martha A. Wilson, as on file with the Commission on the date of actual transfer, shall be refiled within 30 days from the date of actual transfer under the name of Redwood Water Co., Inc., in accordance with the procedure prescribed by General Order No. 96, or in lieu of such refileing, Redwood Water Co., Inc., may file a notice of adoption of said filed rates and rules. No increases in the rates and rules as on file at the time of actual transfer shall be made unless otherwise properly authorized by the Commission.

4. On or before the date of actual transfer, Harry C. Wilson and Martha A. Wilson shall refund all customers' deposits and advances for construction, if any, which are subject to refund. Any such unrefunded deposits and advances shall be transferred to and become the obligation for refund of Redwood Water Co., Inc.

5. If the authority herein granted is exercised, Harry C. Wilson and Martha A. Wilson, within 30 days thereafter, shall notify this Commission in writing of the date of such completion of the property transfer herein authorized and of their compliance with the conditions hereof.

6. On or before the date of actual transfer of the physical properties herein authorized, Harry C. Wilson and Martha A. Wilson shall transfer and deliver to Redwood Water Co., Inc., and the latter shall receive and preserve all records, memoranda, and papers pertaining to the construction and operation of the properties herein authorized to be transferred.

7. Upon due compliance with all the conditions of this order, Harry C. Wilson and Martha A. Wilson 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. Redwood Water Co., Inc., shall file with the Commission a monthly report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

9. The authority herein granted shall become effective on the date hereof.

Dated at San Francisco, California,
this 2 day of May, 1959.

E. Lynn Fox
President

Walter E. Dittell

William J. ...

Theodore ...

Commissioners