

ORIGINAL

Decision No. 58860

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of DONNER LAKE UTILITY COMPANY, a California corporation, for permission and authority to issue 15,139 shares of its capital stock in exchange for certain assets acquired from DONNER LAKE DEVELOPMENT CO. in accordance with ordering Paragraph (4), Page 6 of Decision No. 53968.

Application No. 41286

O P I N I O N

In this application, filed on July 8, 1959, Donner Lake Utility Company requests authorization to issue 15,139 shares of its \$1 par value capital stock in exchange for certain assets acquired from Donner Lake Development Co., as set forth in its amended appraisal dated January 29, 1958.

By Decision No. 53159, dated May 28, 1956, in Application No. 37477, applicant was granted a certificate of public convenience and necessity and was authorized to issue 76,300 shares of \$1 par value capital stock in exchange for certain assets to be acquired from Donner Lake Development Co. A letter dated September 26, 1955, attached to Application No. 37477 as an exhibit, showed the assets to be acquired by Donner Lake Utility Company to consist of land, springs, water rights, mains, pumps and other facilities valued at \$131,298.33. This amount included \$55,000 for land, springs and water rights and \$76,298.33 for mains, pumps and other facilities, with no valuation of the amount for accrued depreciation. The \$76,300

of stock authorized by Decision No. 53159 represented part payment for the assets being acquired from Donner Lake Development Co., the Commission stating that at such time as a proper appraisal of the water production facilities and a depreciation reserve requirement study were filed with the Commission, as ordered in Paragraph (4) of the decision, applicant could, by supplemental application, petition the Commission for authority to issue additional stock.

In compliance with Ordering Paragraph (4), the utility submitted a depreciation reserve requirement study on November 14, 1956, which indicated a reserve requirement amounting to \$8,210.42 as being applicable to the plant acquired September 1, 1955. On January 29, 1958, an appraisal, establishing estimated costs of \$16,254.80 for land, springs and water rights, was submitted to and accepted by the Commission.

A review of the utility's depreciation reserve requirement study disclosed that certain mains and a tank were installed earlier than indicated in the utility's study. Giving consideration to this factor, the Commission's staff has calculated that the proper reserve, as of September 1, 1955, should be \$9,935.00 instead of \$8,210.42.

Utilizing the data now on file with the Commission, it appears the September 1, 1955 investment in properties, less accrued depreciation, would total \$82,618.13, as shown in the tabulation which follows:

Estimated cost of mains, pumps and other facilities	\$76,298.33
Estimated cost of land, springs and water rights	16,254.80
Total plant, September 1, 1955	<u>92,553.13</u>
Less - depreciation reserve September 1, 1955	<u>9,935.00</u>
Plant less reserve	\$82,618.13

The Commission having heretofore authorized the issue of \$76,300 par value of capital stock, it appears that authorization for the issue of an additional \$6,318 of stock is warranted and the order which follows will so provide.

The authorization herein granted is for the issue of 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.

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 by 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; NOW THEREFORE,

IT IS HEREBY ORDERED as follows:

1. Donner Lake Utility Company, on and after the effective date hereof and on or before December 31, 1959, may issue to Donner Lake Development Co. not to exceed 6,318 shares of its \$1 par value capital stock in further payment for the acquisition of certain assets from Donner Lake Development Co.

2. Donner Lake Utility Company's request for authorization to issue the remaining 8,821 shares of stock for the purposes stated in the application is denied.

3. Donner Lake Utility 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 shall become effective 20 days after the date hereof.

Dated at San Francisco, California,
this 11th day of August, 1959.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners