

ORIGINAL

Decision No. 59870

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint Application of LARRY H. MARKS, JR. and INVERNESS WATER COMPANY, a California corporation, for an order authorizing (a) Larry H. Marks, Jr. to sell and Inverness Water Company to purchase the water system owned and operated by Larry H. Marks, Jr. under the proprietary name of Inverness Water Company; (b) Inverness Water Company, a California corporation, to engage in the public utility water business now being conducted by Larry H. Marks, Jr., and (c) Inverness Water Company, a California corporation, to issue stock

Application No. 42024

O P I N I O N

In this application, which was filed on March 9, 1960, the Commission is asked to make an order (1) authorizing Larry H. Marks, Jr., doing business as Inverness Water Company to sell his public utility water system to Inverness Water Company, a corporation, and (2) authorizing Inverness Water Company, a corporation, to issue \$46,700 par value of its common stock.

The application shows that Larry H. Marks, Jr. is the owner and operator of a public utility water system giving service to approximately 350 consumers located in and about the unincorporated community of Inverness, and adjacent areas, and that during 1959 his operating revenues aggregated \$11,138 with net operating revenues amounting to \$2,705. Exhibit B attached to the application shows the assets, liabilities and capital of the proprietorship, as of December 31, 1959, as follows:

Assets

Utility plant -		
Depreciable assets	\$74,482.01	
Less - Provision for depreciation	<u>33,178.41</u>	
	41,303.60	
Land	<u>10,034.43</u>	
Total utility plant		\$51,338.03
Cash and accounts receivable		<u>1,031.43</u>
Total		<u>\$52,369.46</u>

Liabilities and Net Worth

Current and accrued liabilities	\$ 5,103.31
Contributions	486.73
Proprietary capital	<u>46,779.42</u>
Total	<u>\$52,369.46</u>

It appears that applicant Marks has concluded his operations can be conducted more advantageously, and funds for expansion obtained more readily, if the ownership and operations were transferred to a corporate form of organization; that he has organized Inverness Water Company for the express purpose of having it take over such property and operations; and that he proposes to transfer his water works' assets to the corporation in exchange for common stock in an amount approximately equivalent to the reported proprietary capital.

According to the application, the corporation, upon succeeding to the ownership and operations, will continue to render water service under the same rates, charges, rules and regulations as are on file and currently in effect by applicant Marks. We are of the opinion, and so find, after reviewing this application, that the transfer will not be adverse to the public interest and should be authorized.

In entering our order in this proceeding, we make no finding of the value of the property herein authorized to be transferred. Our order is for the transfer and for the issue 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 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; NOW THEREFORE,

IT IS HEREBY ORDERED as follows:

1. Larry H. Marks, Jr., on or after the effective date hereof and on or before September 30, 1960, may sell and transfer the public utility water system known as Inverness Water Company to Inverness Water Company, a corporation, under the terms and conditions set forth in this application.
2. Inverness Water Company, a corporation, in payment for said public utility water system, may assume the payment of outstanding indebtedness and may issue not to exceed \$46,700 of its common stock.

3. The rates and rules of Larry H. Marks, Jr. now legally on file with this Commission, shall be refiled within 30 days from the date of transfer under the name of Inverness Water Company, a corporation, in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refileing, Inverness Water Company may file a notice of adoption of such presently filed rates and rules. No increases in the present lawfully filed rates shall be made unless otherwise properly authorized by the Commission.

4. On or before the date of actual transfer, Larry H. Marks, Jr. shall refund all customers' deposits and all advances for construction, if any, which are subject for refund. Any unrefunded deposits and advances shall be transferred to and become the obligation for refund of Inverness Water Company, a corporation.

5. If the authority herein granted is exercised, Larry H. Marks, Jr., within 30 days thereafter, shall notify this Commission, in writing, of the date of such completion of the transfer herein authorized and of his compliance with the conditions hereof.

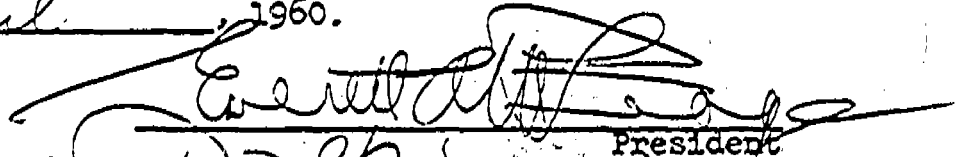
6. On or before the date of actual transfer of the physical properties herein authorized, Larry H. Marks, Jr. shall transfer and deliver to Inverness Water Company, a corporation, and the latter shall receive and preserve all records, memoranda and papers pertaining to the construction and operation of the properties herein authorized to be transferred.

7. Upon due compliance with all the conditions of this order, Larry H. Marks, Jr. 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.

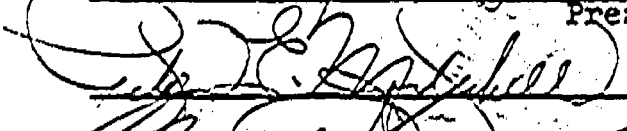
8. Inverness Water Company, a corporation, shall file a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

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


Dated at San Francisco, California, this 5th day of April, 1960.



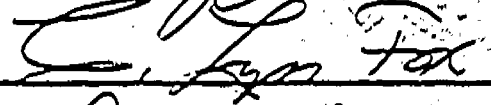
President



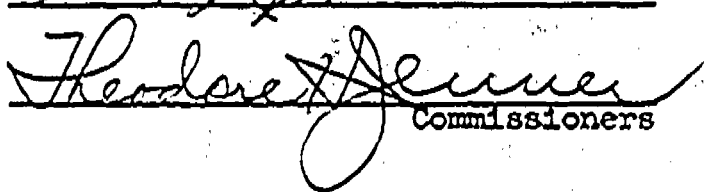
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Commissioners