

ORIGINAL

Decision No. 60307

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of Ernest E. Hansen, and Nancy Hansen, doing business as MEADOWBROOK WATER ASSOCIATION (1) For transfer of certificates to Meadowbrook Water Co., a corporation, (2) For permit to issue stock.

Application No. 42267

O P I N I O N

The above-entitled application was filed on May 17, 1960, for an order authorizing Meadowbrook Water Co., a corporation, to issue 325 shares of its common stock, of the par value of \$100 each, in payment for properties of Ernest E. Hansen and Nancy Hansen, doing business as Meadowbrook Water Association.

Meadowbrook Water Co. was organized under the laws of California, on or about April 18, 1960, by Ernest E. Hansen and Nancy Hansen to take over the public utility water properties and business owned by these individuals and used for the distribution of water in a service area known as Meadowbrook Woods and located approximately two miles south of Lake Arrowhead. The corporation has an authorized capital stock of 2,000 shares, of the par value of \$100 each, all common, and it proposes at this time to issue 325 of such shares to the Hansens in consummating the transfer of the water system.

Recently, the Commission has had occasion to review the operations of this water utility. By Decision No. 58877, dated August 11, 1959, in Application No. 40887, it fixed rates which were designed to produce a return of approximately 7 per cent on a depreciated rate base of \$31,650 for the estimated year 1959, which rate base included \$8,000 for a new storage tank. The decision directed the utility to install the storage tank and to make certain other improvements of a capital nature.

The Commission has been advised that the storage tank has been installed and connected to the water system and that meters have been installed at each well but that the installation of certain interconnecting mains had not yet been completed although pipe had been purchased. The Commission has extended to August 31, 1960, the time for completing these improvements.

Upon reviewing this application we find and conclude that the proposed transfer, under the terms set forth in the order herein, will not be adverse to the public interest; that the money, property or labor to be procured or paid for by the issue of the stock 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. We will authorize the transfer but will require Meadowbrook Water Co. to assume the obligations imposed upon Ernest E. Hansen by Decision No. 58877.

The authorization herein granted to issue stock shall not be construed to be a finding of the value of the properties herein authorized to be transferred nor to be 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 this application and being of the opinion that a public hearing is not necessary, therefore,

IT IS HEREBY ORDERED that -

1. Ernest E. Hansen and Nancy Hansen, doing business as Meadowbrook Water Association, may transfer their certificates of public convenience and necessity and their public utility water system to Meadowbrook Water Co., a corporation.

2. Meadowbrook Water Co., a corporation, in acquiring said certificates and water system, shall record on its books the balances in the utility plant and reserve accounts of Ernest E. Hansen and Nancy Hansen as of the date of transfer, and may issue its shares of stock, at par, in an amount approximately equivalent to the net book balances so to be set up on its books, but not to exceed 325 shares.

3. The rates and rules of Ernest E. Hansen and Nancy Hansen, doing business as Meadowbrook Water Association, now on file with the Commission shall be refiled within 30 days after

the date of actual transfer under the name of Meadowbrook Water Co., a corporation, in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refiling, Meadowbrook Water Co. may file a notice of adoption of said presently filed rates and rules. No increases in the presently filed rates shall be made unless otherwise authorized by this Commission.

4. On or before the date of actual transfer, Ernest E. Hansen and Nancy Hansen 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 Meadowbrook Water Co., a corporation.

5. On or before the date of actual transfer, Ernest E. Hansen and Nancy Hansen shall transfer and deliver to Meadowbrook Water Co. 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.


6. If the authority herein granted is exercised, Ernest E. Hansen and Nancy Hansen shall, within 30 days thereafter, 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.

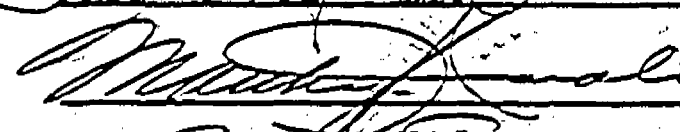
7. Upon due compliance with all of the conditions of this order, Ernest E. Hansen and Nancy Hansen shall stand relieved of all further public utility obligations and liabilities in connection with the operation of the public utility water system herein authorized to be transferred.


8. Meadowbrook Water Co., a corporation, 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.

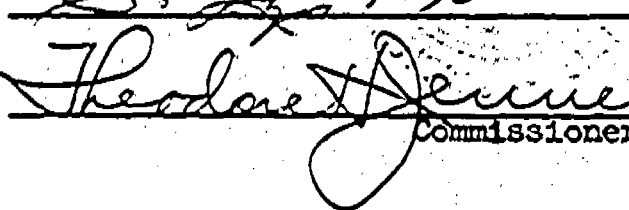
9. The authority herein granted will become effective when Meadowbrook Water Co., a corporation, has filed with the Commission a stipulation, duly authorized by its board of directors, in which it agrees to undertake to carry out and to complete the improvements which Ernest E. Hansen was directed to make by Decision No. 58877, dated August 11, 1959, in Application No. 40887.

Dated at San Francisco, California,
this 28th day of June, 1960.



President






Commissioners