

Decision No. 61034

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of GEORGE HOBERG,
FRANK HOBERG and DON EMERSON,
doing business as PINE HEIGHTS
WATER CO., and PINE HEIGHTS
WATER COMPANY, a corporation.

Application No. 42766
Filed October 19, 1960

OPINION AND ORDER

In this application the Commission is asked to make an order (1) authorizing George Hoberg, Frank Hoberg and Don Emerson, partners doing business as Pine Heights Water Co., to transfer their certificate of public convenience and necessity and utility plant to Pine Heights Water Company, a corporation, and (2) authorizing said corporation to issue 30 shares of its common stock.

By Decision No. 57284, dated September 2, 1958, in Application No. 40128, the Commission granted to George Hoberg, Frank Hoberg and Don Emerson, partners doing business as Pine Heights Water Co., a certificate of public convenience and necessity to construct and operate a public utility system for the distribution and sale of water within Pine View Heights Subdivision No. 1, Lake County.

According to the present application the partners desire to conduct the water operations by means of a corporate organization, rather than as a partnership, and they have made arrangements to transfer their operative rights and utility

plant to Pine Heights Water Company, a corporation which they have formed for the express purpose of taking over such rights and utility plant. The new corporation proposes to assume outstanding liabilities of \$5,488.97 and to issue, in the aggregate, 30 shares of its common stock without par value and with a stated value of \$303.14 each, a total of \$9,094.20.

A statement of the assets, liabilities and net worth of the partnership as of June 30, 1960, is reported as follows:

<u>Assets</u>	
Utility plant	\$13,653.24
Reserve for depreciation of utility plant	(656.77)
Deferred loss (to be amortized when revenues commence)	<u>1,586.70</u>
Total	<u>\$14,583.17</u>
<u>Liabilities and Net Worth</u>	
Current and accrued liabilities	\$ 5,488.97
Proprietary capital	<u>9,094.20</u>
Total	<u>\$14,583.17</u>

The Commission has considered this matter and finds and concludes that the proposed transfer to a corporation will not be adverse to the public interest; that the deferred loss of \$1,586.70, shown in the preceding balance sheet, is not a proper item to be capitalized through the issue of stock; that the money, property or labor to be procured or paid for by the issue of the stock herein authorized, under the conditions set forth herein, is reasonably required for the purpose specified herein; that such purpose is not, in whole or in part, reasonably

chargeable to operating expenses or to income; and that a public hearing is not necessary; therefore,

IT IS HEREBY ORDERED as follows:

1. George Hoberg, Frank Hoberg and Don Emerson, doing business as Pine Heights Water Co., may transfer their certificate of public convenience and necessity and their utility plant to Pine Heights Water Company, a corporation.

2. Pine Heights Water Company, a corporation, in acquiring said certificate and utility plant, may assume the payment of outstanding liabilities as set forth in this proceeding and may issue not to exceed 30 shares of its common stock without par value and with an aggregate stated value of not to exceed \$7,507.50.

3. The authorization herein granted shall not be construed to be a finding of value of said certificate of public convenience and necessity and of the utility plant 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.

4. On or before the date of actual transfer, George Hoberg, Frank Hoberg and Don Emerson, doing business as Pine Heights Water Co., shall refund all deposits and advances which consumers are entitled to have refunded.

Any unrefunded deposits and advances shall be transferred to and shall become the obligation for refund of Pine Heights Water Company.

5. The rates, rules and regulations of George Hoberg, Frank Hoberg and Don Emerson, doing business as Pine Heights Water Co., now on file with the Commission shall be refiled within 30 days after the date of transfer under the name of Pine Heights Water Company, a corporation, in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refiling, Pine Heights 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.

6. If the authority herein granted is exercised, George Hoberg, Frank Hoberg and Don Emerson, within 30 days thereafter, shall notify the Commission in writing of the date of completion of the transfer and of their compliance with the conditions of this order.

7. Upon due compliance with all the conditions of this order, George Hoberg, Frank Hoberg and Don Emerson, doing business as Pine Heights Water Co., 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. Pine Heights Water Company, 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 shall become effective 20 days after the date hereof. Such authority, if not exercised, will expire February 28, 1961.

Dated at San Francisco, California, this 15th day of NOVEMBER, 1960.

[Signature]
President

[Signature]

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Commissioners