

Decision No. 61952

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application

of

FULTON WATER COMPANY, a California corporation, and JOHN A. FULTON, dba FULTON WATER COMPANY, for

(1) An order authorizing the issuance of stock of Fulton Water Company, a California corporation;

(2) An order authorizing Fulton Water Company, a California corporation, to issue unsecured promissory notes;

(3) An order authorizing the transfer of certificates of public convenience and necessity, and the public utility water system of John A. Fulton, dba Fulton Water Company, to Fulton Water Company, a California corporation.

Application No. 43278

O P I N I O N

This application was filed on April 3, 1961, for an order of the Commission (1) authorizing John A. Fulton to transfer certificates of public convenience and necessity and a public utility water system to Fulton Water Company, a corporation, and (2) authorizing Fulton Water Company, a corporation, to issue \$44,000 par value of common stock and a promissory note in the principal amount of \$4,207.27.

The application shows that John A. Fulton, dba Fulton Water Company, is, and has been engaged in the business of distributing water for domestic use in the unincorporated area of portions of Carnelian Bay, Lake Tahoe, under certificates of public convenience and necessity granted by Decision No. 39475, dated October 1, 1946, and Decision No. 58425, dated May 19, 1959, as amended; that the investment in said public utility water system has been financed, as of December 31, 1960, by proprietary capital of \$29,207.27, construction advances of \$33,542.18 and a note for \$19,000.00 in favor of Fulton Estate Company, a total of \$81,749.45; that said John A. Fulton now desires to conduct his operations by means of a corporate form of organization and to refinance the properties and to replace the outstanding note with shares of stock; and that said John A. Fulton has organized Fulton Water Company, a corporation, to receive the water system and to continue the operations.

According to the application the new corporation will take over the assets and the depreciation reserves at their book balances, will assume the obligations with respect to advances for construction, and will issue \$19,000.00 par value of its common stock to Fulton Estate Company, in payment for the outstanding indebtedness of like amount, and \$25,000.00 par value of common stock and a \$4,207.27 note to John A. Fulton and Barbara C. Fulton, his wife, in payment

of their proprietary interests of \$29,207.27. The note will be unsecured and will be payable on or before February 1, 1971, with interest at the rate of 5% per annum. The new corporation will assume the rates, rules and regulations of the present owner.

Upon reviewing the application we are of the opinion, and so find and conclude, that the transfer of the water system 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 and note herein authorized is reasonably required for the purposes specified herein; that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; and that an order should be entered granting the requests of applicants.

O R D E R

The Commission having considered the above-entitled application and being of the opinion that a public hearing is not necessary,

IT IS ORDERED -

1. That John A. Fulton, on or after the effective date hereof and on or before December 31, 1961, may transfer his certificates of public convenience and necessity and the public utility water system referred to in this proceeding to Fulton Water Company, a corporation.

2. That Fulton Water Company, a corporation, on or after the effective date hereof and on or before December 31, 1961, may issue not to exceed \$44,000.00 par value of its common stock and a promissory note in the principal amount of not to exceed \$4,207.27 in the manner and for the purposes set forth in this application.

3. That on or before the date of actual transfer, John A. Fulton shall refund all customers' deposits and advances for construction, if any, which are subject to refund as of the date of transfer. Any such unrefunded deposits and advances shall become the obligations of Fulton Water Company, a corporation.

4. That the rates and rules of John A. Fulton, now on file with this Commission, shall be refiled within thirty days from the date of actual transfer under the name of Fulton Water Company, a corporation, in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refileing, Fulton Water Company, a corporation, may file a notice of adoption of said presently filed rates and rules. No increases in the presently filed rates shall be made unless properly authorized by the Commission.

5. That on or before the date of actual transfer John A. Fulton shall transfer and deliver to Fulton Water Company, a corporation, and the latter shall receive and preserve all records, memoranda and papers pertaining to

the construction and operation of the public utility water system herein authorized to be transferred.

6. That the authorization herein granted is for the purpose of this proceeding only and is not intended to be a finding of the value of any of the properties herein authorized to be transferred or as indicative of amounts to be included in a future rate base for the determination of just and reasonable rates.

7. That within thirty days after the consummation of the transfer herein authorized John A. Fulton shall notify the Commission, in writing, of that fact and within said period shall file with the Commission a true copy of any bill of sale or other instrument of transfer which may be executed to effect said transfer.

8. That upon due compliance with all the conditions of this order, John A. Fulton 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.

9. That Fulton Water Company, a corporation, shall determine the accruals for depreciation by dividing the original cost of the utility plant less estimated future net salvage less depreciation reserve by the estimated remaining life of the plant; that it shall review the accruals as of January 1st of the year following the date of transfer and thereafter

when major changes in utility plant composition occur and at intervals of not more than five years; and that it shall submit the results of these reviews to the Commission.

10. That Fulton 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.

11. That the authorization herein granted to issue a note shall become effective when Fulton Water Company, a corporation, has paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25, and that in all other respects the authority herein granted shall become effective twenty days after the date hereof.

Dated at San Francisco, California,
this 9th day of May, 1961.

[Signature]
President

[Signature]

[Signature]

[Signature]
Commissioners

