

ORIGINAL

Decision No. 63415

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of HILLCREST WATER CO., INC., a corporation, and RICHARD W. PORTER, individually, for the Approval of an Agreement to Buy the Interest of LUKINS BROS. WATER COMPANY, and GLENN J. LUKINS and MELVIN L. LUKINS owners in the Water System in Hillcrest Meadows Subdivision, and to Transfer this System from RICHARD W. PORTER to HILLCREST WATER CO., INC., a corporation, and for RICHARD W. PORTER to Receive in Return Stock and Promissory Notes for such Transfer from HILLCREST WATER CO., INC.

Application No. 44158
Filed February 5, 1962

O P I N I O N

This is an application for an order of the Commission authorizing the transfer of the Lukins Bros. Water Company to Hillcrest Water Co., Inc., and the issue by the purchaser of a \$9,900 note and \$9,900 of stock.

The application shows that Glenn J. Lukins and Melvin L. Lukins, doing business as Lukins Bros. Water Company, have been authorized by Decision No. 53221, dated June 12, 1956, in Application No. 37221, to operate a public utility water system in Hillcrest Meadows Subdivision near Yuba City, Sutter County; that they have constructed a water system having an estimated net cost of \$24,260.58; that they desire to dispose of this system.

because their principal place of business now is at Lake Tahoe; and that they have made arrangements to sell such system, including their certificate of public convenience and necessity, to Richard W. Porter who intends to assign his interest in the agreement to Hillcrest Water Co., Inc. The purchasing corporation is engaged in operating public utility water service in an area adjacent to that of Lukins Bros. Water Company and it desires to purchase the properties in order to interconnect the water system so as to permit more economical operations.

The agreed purchase price is \$6,000 plus the cancellation of certain indebtedness due Richard W. Porter, the president of Hillcrest Water Co., Inc. The capitalization of the acquisition by Hillcrest Water Co., Inc., is reported as follows:

Purchase price (Payment of \$6,000 plus cancellation of \$13,245.11 of indebtedness)	\$19,245.11
Filing fee	50.00
Legal expense	<u>504.89</u>
Total	<u>\$19,800.00</u>

Upon transfer of the properties, Hillcrest Water Co., Inc., will issue to Richard W. Porter an unsecured note for \$9,900, payable on or before ten years after its date with interest at the rate of 4% per annum, and will issue to Richard W. Porter and Joseph C. Coldicutt \$9,900 of stock in the aggregate. The corporation desires and requests

authorization to place its present rate schedules in effect in the area it will acquire from Lukins Bros. Water Company.

It appears that there are differences in the tariff schedules of Lukins Bros. Water Company and Hillcrest Water Co., Inc., and that no justification has been submitted by applicants to support a rate increase for the present customers of Lukins Bros. Water Company. Therefore, upon reviewing this matter, we find and conclude that the proposed transfer of ownership will not be adverse to the public interest but that the purchasing corporation should be required to continue in effect in the area it will acquire the present tariff schedules of Lukins Bros. Water Company. The order herein will so provide.

The authorization herein granted shall not be construed to be a finding of the value of the properties referred to herein nor 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 note and 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; therefore,

IT IS ORDERED that -

1. On or after the effective date hereof and on or before December 31, 1962, Glenn J. Lukins and Melvin L. Lukins, sellers, doing business as Lukins Bros. Water Company, may sell and transfer, and Hillcrest Water Co., Inc., purchaser, may purchase and acquire, the hereindescribed public utility water system properties, in accordance with the terms set forth in the application.

2. If the authority herein granted is exercised:

- a. Upon due compliance with all of the conditions of this order, sellers shall stand relieved of all further public utility obligations and liabilities in connection with the operations of the water system hereby transferred.
- b. Until otherwise authorized by this Commission, purchaser shall operate the water system hereby acquired as a separate rate zone of its present water operations.
- c. The restriction against extensions into additional territory, set forth in Ordering Paragraph 6 of Decision No. 53221, dated June 12, 1956, in Application No. 37221, is removed.

3. On or before the date of transfer, sellers shall refund all customers' deposits and advances for construction which relate to the system being transferred and which are subject to refund as of the date of transfer. Any unrefunded deposits and advances which relate to said system shall be transferred to and become the obligations of purchaser.

4. Within thirty days after the date of transfer:

a. Sellers shall -

- (1) Notify this Commission, in writing, of the date of transfer and of sellers' compliance with the conditions hereof.
- (2) File such revised tariff sheets as are necessary to exclude sellers' present Yuba City Tariff Area from their indicated service area.

b. Purchaser shall -

- (1) File the rates of sellers presently on file and applicable to their Yuba City Tariff Area, said rates to continue to be applicable to that area.
- (2) File revised tariff service area maps showing the boundaries of the tariff areas in which the present rates of sellers and purchaser are to be applicable, together with such other revised tariff sheets as are necessary to make purchaser's present rules applicable to its entire service area.

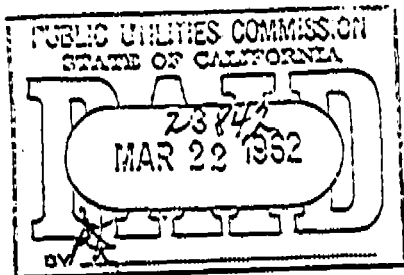
5. The revised tariff sheets hereinabove provided shall be filed in conformity with General Order No. 96-A and in a manner acceptable to this Commission and shall become effective, in each instance, upon five days' notice to this Commission and to the public.

6. Hillcrest Water Co., Inc., in acquiring the properties of Lukins Bros. Water Company under the authorization herein granted, may issue a note in the principal amount of not to exceed \$9,900 and common stock in the aggregate amount of not to exceed \$9,900 par value in the manner set forth in this application.

7. Hillcrest Water Co., Inc., 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.

8. The authority herein granted to issue a note will become effective when Hillcrest Water Co., Inc., has paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.00. In other respects, the authorization herein granted will become effective twenty days after the date hereof.

Dated at San Francisco, California,
this 20th day of MARCH, 1962.



[Signature]
President
[Signature]
George H. Trover
Fredrick B. Holdhoff

Commissioners

Commissioner C. Lynn Fox, being necessarily absent, did not participate in the disposition of this proceeding.