

ORIGINAL

Decision No. 63873

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of HAROLD J. HICKS, doing business as PALM VALLEY WATER COMPANY, to sell and of PALM VALLEY WATER COMPANY, a corporation, to acquire public utility water corporation property and certificates of public convenience and necessity; and of PALM VALLEY WATER COMPANY, a corporation, to issue its capital stock

Application No. 44498
Filed May 31, 1962

O P I N I O N

In this application the Commission is asked to enter an order (1) authorizing Harold J. Hicks, doing business as Palm Valley Water Company, to sell and transfer his operative rights and properties to Palm Valley Water Company, a corporation, and (2) authorizing the corporation to assume liabilities and to issue not to exceed 1,500 shares of its common stock of the par value of \$100 each.

The application shows that Harold J. Hicks is engaged in operating a public utility water system in Coachella Valley south of Palm Springs and north of Indio, that he has concluded to incorporate his business, and that he proposes to transfer his properties to a corporation which he recently has organized for the express purpose of having it take over the properties and continue the operations.

Under the contemplated arrangements, applicant Hicks will transfer to the corporation all of the properties used or useful in the public service, including good will and the certificates of public convenience and necessity, which are owned by him in his individual capacity, and the corporation will assume the outstanding liabilities and will issue to applicant Hicks its shares of common stock, at par, in an amount, not exceeding 1,500 shares, as will equal the net worth in the business of applicant Hicks as of March 31, 1962, adjusted to the date of consummation of the transfer. A summary statement of the book values, liabilities and net worth of the business to be transferred, as of March 31, 1962, is reported as follows:

<u>Assets</u>	
Utility plant, less reserve	\$292,074
Current assets	<u>19,715</u>
Total	<u>\$311,789</u>
<u>Liabilities and Capital</u>	
Current liabilities	\$ 3,438
Long-term debt	29,982
Advances for construction	160,311
Contributions	2,543
Net worth	<u>115,515</u>
Total	<u>\$311,789</u>

The utility's 1961 annual report shows operating revenues for the year of \$40,909 and net income of \$8,063.

In 1961 the Commission reviewed Harold J. Hicks' operations and by Decision No. 61583, dated February 28, 1961, as amended, in Application No. 42765, granted him a certificate of public convenience and necessity to extend, construct and operate his public utility water system in his Country Club Village-Shadow Village Division and in his Indian Wells Division, as shown on maps filed in that proceeding. The decision, as amended, provided that applicant Hicks shall not extend the water system outside the boundaries of the certificated service areas, including the divisions referred to above, without further order from the Commission and it also required said Hicks to develop an alternate source of water supply on or before November 1, 1962, and to submit to the Commission, on or before March 1, 1963, a plan for further development of water supply when the number of customers exceeds 750 or the demands exceed 1,500 gallons per minute, whichever may first occur.

From a consideration of the present application, it appears that the new corporation will succeed to all the utility obligations of the present owner, will adopt the existing rates, rules and regulations, and will conduct its operations with the same management and personnel. We find and conclude that the proposed transfer will not be adverse to the public interest and we will enter an order granting the application.

The authorization herein granted is not to be construed as a finding of value of the utility properties 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.

O R D E R

The Commission has considered the above-entitled matter and has determined and is 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 shares of 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. Harold J. Hicks, doing business as Palm Valley Water Company, may sell and transfer to Palm Valley Water Company, a corporation, all the properties used or useful in his public utility water operations, including good will and the certificates of public convenience and necessity granted to said Hicks by Decisions Nos. 54306, 58127, 58499 and 61583.

2. Palm Valley Water Company, a corporation, in acquiring said properties shall assume all the public utility liabilities and obligations of Harold J. Hicks, doing business as Palm Valley Water Company, including, among other things, the obligations and limitations set forth in Decision No. 61583, dated February 28, 1961, as amended. Palm Valley Water Company, a corporation, may issue not to exceed 1,500 shares of its common stock, at par, in an amount equal to the net worth of the business to be transferred as of the date of consummation of the transaction.

3. On or before the date of actual transfer, Harold J. Hicks, doing business as Palm Valley Water Company, shall refund all deposits, if any, which customers are entitled to have refunded. Any unrefunded deposits shall be transferred to and shall become the obligation for refund of Palm Valley Water Company, a corporation.

4. On or before the date of actual transfer, Harold J. Hicks, doing business as Palm Valley Water Company, shall transfer all advances for construction held by him to Palm Valley Water Company, a corporation, and the latter shall assume the obligation for repayment of such advances. Applicants shall, within fifteen days after the date of transfer, jointly file with this Commission a certified copy of an appropriate instrument showing the names of all persons or corporations in whose favor such obligations exist and the amounts thereof.

5. On or before the date of actual transfer, Harold J. Hicks, doing business as Palm Valley Water Company, shall transfer and deliver to the corporation all records, memoranda and papers pertaining to the construction and operation of the properties herein authorized to be transferred and said corporation shall receive and preserve such records, memoranda and papers.

6. The rates and rules of Harold J. Hicks, doing business as Palm Valley Water Company, now on file with this Commission shall be refiled within five days after the date of actual transfer under the name of Palm Valley Water Company, a corporation, in accordance with the procedure prescribed by General Order No. 96-A, or, in lieu of such refiled, Palm Valley 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 otherwise authorized by this Commission.

7. If the authority herein granted is exercised, Harold J. Hicks, doing business as Palm Valley Water Company, within thirty days thereafter, shall notify this Commission, in writing, of the date of such completion of the property transfer herein authorized and of his compliance with the conditions hereof.

8. Upon compliance with all of the conditions of this order, Harold J. Hicks, doing business as Palm Valley Water Company, shall stand relieved of all further public utility obligations in connection with the operation of the public utility water system herein authorized to be transferred.

9. Palm Valley 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.

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

Dated at San Francisco, California,
this 2nd day of JULY, 1962.

George F. Brown
President
John L. ...
Robert ...
Frederic B. Hallock
Commissioners

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