

ORIGINAL

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Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of JOHN P. FABIAN,
 doing business as THE HIGHLANDS
 WATER SYSTEM, to sell; and of
 LAKE TAHOE WATER CORP. to
 acquire public utility water
 property and certificate of
 public convenience and necessity;
 and of LAKE TAHOE WATER CORP. to
 issue its capital stock

Application No. 45070
 Filed December 28, 1962

O P I N I O N

John P. Fabian, doing business as The Highlands Water System, seeks authorization to sell his water system to Lake Tahoe Water Corp.

Lake Tahoe Water Corp. joins in the application and seeks authorization to issue securities as follows:

To John P. Fabian and Elsie M. Fabian
 in payment for the water system -

Class A common stock	\$ 600.00	
Class B non-voting common stock	5,400.00	
A 10-year, 6% note	<u>25,245.34</u>	
Total		\$31,245.34

To Lake Tahoe Highlands Development
 No. 1, Inc., et al, in payment of
 indebtedness incurred for a new
 tank and connecting lines -

Class A common stock	\$ 2,400.00	
Class B non-voting common stock	<u>21,600.00</u>	
Total		\$24,000.00

John P. Fabian is engaged in operating a public utility water system serving approximately 50 customers in a portion of Placer County in Subdivisions 1, 2 and 3 of Lake Tahoe Highlands Development No. 1, Inc., Lake Tahoe Highlands Development No. 2, Inc., Lake Tahoe Highlands Development No. 3, Inc., and Lake Tahoe Highlands Development No. 4, Inc. The application shows that John P. Fabian was certificated by the Commission by Decision No. 51929, dated September 6, 1955, in Application No. 37115; that he has constructed or acquired the water system properties, which are the subject of this application, at a total cost of \$31,245.34; that he also is the president of the four corporations named above; and that he desires to transfer his water system properties at their cost to a corporation which he has organized, payment to be made by the corporation in shares of stock and a note.

At the conclusion of the transaction the new corporation will enter upon its operations with a capital structure consisting of a \$25,245.34 note and capital stock of \$30,000.00 divided into \$3,000.00 of Class A voting common stock and \$27,000.00 of Class B non-voting common stock. The development of the water system has been slow and up to this time the operations have not been profitable. It appears, however, that all the stock, as well as the note, will be issued to John P. Fabian and Elsie M. Fabian, his wife, or to corporations of which John P. Fabian is president and Elsie M. Fabian, vice-president.

In our opinion, and we so find, the proposed transfer of the water system to, and the operation by, Lake Tahoe Water Corp. will not be adverse to the public interest. However, in view of the slow development of this water system and the adverse results of operations, we are of the opinion that the securities to be issued should be held in escrow. The order herein will so provide.

The authorization herein granted shall not be construed as a finding of the value of the properties herein authorized to be transferred nor as indicative of amounts to be included in future proceedings for the purpose of determining just and reasonable rates.

O R D E R

The Commission having determined that a public hearing is not necessary in the above-entitled matter and being of the opinion that the money, property or labor to be procured or paid for by the issue of the securities 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 the application should be granted,

IT IS HEREBY ORDERED that:

1. John P. Fabian, doing business as The Highlands Water System, may sell and transfer to Lake Tahoe Water Corp. all the properties used and useful in his public utility water operations, including the certificate of public convenience and necessity granted to said John P. Fabian by Decision No. 51929, dated September 6, 1955, in Application No. 37115, and Lake Tahoe Water Corp. may acquire said properties.

2. Lake Tahoe Water Corp., in acquiring said properties, may issue a note in the amount of not to exceed \$25,245.34, Class A common stock in the amount of not to exceed \$600.00 and Class B non-voting common stock in the amount of not to exceed \$5,400.00.

3. Lake Tahoe Water Corp. may issue not to exceed \$2,400.00 of its Class A common stock and not to exceed \$21,600.00 of its Class B non-voting common stock for the purpose set forth in this application.

4. The stock and note authorized by Ordering Paragraphs 2 and 3 hereof shall not be sold or issued unless and until the corporation first shall have selected a corporate escrow holder and said escrow holder shall have been first approved, in writing, by the Commission. When issued, all documents evidencing any of said stock and note shall

forthwith be deposited with said escrow holder, to be held as an escrow pending the further written order of the Commission. The receipt of said escrow holder for said documents shall be filed with the Commission and the owner or persons entitled to said stock and note shall not consummate a sale or transfer of said stock and note, or any interest therein, or receive any consideration therefor, until the written consent of the Commission shall have been obtained so to do.

5. On or before the date of actual transfer, John P. Fabian, doing business as The Highlands Water System, 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 Lake Tahoe Water Corp.

6. On or before the date of actual transfer, John P. Fabian, doing business as The Highlands Water System, shall transfer all advances for construction, if any, held by him to Lake Tahoe Water Corp. and the latter shall assume the obligation for repayment of such advances. Applicants, within fifteen days after the date of transfer, shall 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.

7. On or before the date of actual transfer, John P. Fabian, doing business as The Highlands Water System, 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.

8. The rates and rules of John P. Fabian, doing business as The Highlands Water System, now on file with this Commission shall be refiled within five days after the date of actual transfer under the name of Lake Tahoe Water Corp. in accordance with the procedure prescribed by General Order No. 96-A, or, in lieu of such refiling, Lake Tahoe Water Corp. 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.

9. If the authority herein granted is exercised, John P. Fabian, doing business as The Highlands Water System, 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.

10. Upon compliance with all of the conditions of this order, John P. Fabian, doing business as The Highlands Water System, 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.

11. Lake Tahoe Water Corp. 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.

12. The authority herein granted to execute and to issue a note shall become effective when Lake Tahoe Water Corp. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$26. In all other respects this order shall become effective twenty days after the date hereof.

Dated at San Francisco, California,
this 12th day of MARCH, 1963.

George G. Hoover
President

[Signature]
[Signature]

Fredrick B. Hilduff

William W. Bennett
Commissioners

