

ORIGINAL

Decision No. 67036

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)

JESSE E. McLAUGHLIN and CLYDE
GRANDBOIS, a co-partnership,
doing business as JACKSON
WATER WORKS,

for an Order Authorizing the Sale
of the Properties of Jackson Water
Works,

Application No. 46259
Filed March 4, 1964

In the Matter of the Application of)

JACKSON WATER WORKS, INC.,

for Authority to Issue and Sell
its Common Capital Stock,

Applicants.

O P I N I O N

This is an application for an order of the Commission (1) authorizing Jesse E. McLaughlin and Clyde Grandbois, a copartnership doing business as Jackson Water Works, to sell and transfer their water system to Jackson Water Works, Inc., and (2) authorizing Jackson Water Works, Inc., in acquiring said water system, to issue \$150,000 par value of its capital stock.

The transferors are engaged in the operation of a public utility water system, which they acquired pursuant to authority granted by Decision No. 59634, dated February 9, 1960,

in Application No. 40671. They provide service to approximately 900 consumers in an area generally concentrated within the City of Jackson, Amador County. The application shows that the copartners desire to carry on their operations under a corporate form of organization, and that they propose to sell and transfer their public utility properties to Jackson Water Works, Inc. Assets and liabilities of the copartnership, reflected in the October 31, 1963 balance sheet attached to the application as Exhibit A, are summarized as follows:

Utility plant less reserve	\$183,293	
Current assets	10,750	
Other assets	12	
	<u> </u>	
Total assets		\$194,055
Less -		
Current and accrued liabilities	\$ 6,658	
Customers' deposits	633	
Advances for construction	27,054	
Contributions in aid of construction	4,854	
	<u> </u>	
Total liabilities		<u>39,199</u>
Balance - Partnership equity		<u>\$154,856</u>

Jackson Water Works, Inc., a California corporation organized on or about October 30, 1963, proposes to purchase the water system and related assets, subject to existing liabilities, and to issue common stock having an aggregate par value of \$150,000 in payment therefor.

The Commission has considered this matter and finds that: (1) there will be no change in rates or service to the public as a result of the transfer; (2) the proposed sale and transfer will not be adverse to the public interest; (3) the money, property or labor to be procured or paid for by

the issue of the stock herein authorized is reasonably required for the purpose specified herein; and (4) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. A public hearing is not necessary.

On the basis of the foregoing findings, we conclude that the application should be granted. In issuing our order herein, we place Jackson Water Works, Inc. and its shareholders on notice that we do not regard the number of shares outstanding, the total par value of the shares nor the dividends paid as measuring the return the company should be allowed to earn on its investment in plant and that the authorization herein given is not to be construed as a finding of value of its stock or properties nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. On or before July 31, 1964, Jesse E. McLaughlin and Clyde Grandbois, copartners doing business as Jackson Water Works, may sell and transfer, and Jackson Water Works, Inc. may purchase and acquire, the public utility water properties and related assets referred to in the application.

2. Jackson Water Works, Inc., on or before July 31, 1964, may issue not to exceed \$150,000 par value of its common stock in part payment for said assets.

3. On or before the date of actual transfer -

- a. Sellers shall refund all customers' deposits and all advances for construction, if any, which are subject to refund. Any unrefunded deposits and advances shall be transferred to, and shall become the obligation for refund of, Jackson Water Works, Inc.
- b. Sellers shall transfer and deliver to the purchaser all records, memoranda and papers pertaining to the construction and operation of the properties herein authorized to be transferred, and purchaser shall receive and preserve the same.

4. If the authority herein granted to transfer the water system is exercised, Jackson Water Works, Inc., within thirty days thereafter, shall notify the Commission, in writing, of the date of completion of such transfer.

5. Jackson Water Works, Inc. shall file, within five days after the effective date of the transfer, a notice of adoption of the presently filed rates and rules of the transferors in accordance with the procedure prescribed by General Order No. 96-A. No increases in the presently filed rates shall be made unless authorized by this Commission.

6. On or before the end of the third month after the consummation of the transfer as herein authorized, Jackson Water Works, Inc. shall cause to be filed with the Commission, in such form as it may prescribe, an annual report covering the period commencing with the first day of the current year to and including the effective date of the transfer.

7. Upon compliance with all of the conditions of this order, Jesse E. McLaughlin and Clyde Grandbois, as copartners doing business as Jackson Water Works, 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.

8. Jackson Water Works, 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.

9. The effective date of this order is the date hereof.

Dated at San Francisco, California, this 7th day of APRIL, 1964.

William W. Berner
President
George G. Grover
Frederic B. Helbluff
Commissioners