

ORIGINAL

Decision No. 67410

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of LELAND S. GIBBS and LILLIAN H. GIBBS doing business as GIBBS RANCH WATER COMPANY to transfer water system to GIBBS RANCH WATER CO., a California corporation, and for the latter to issue stock.

Application No. 46666
Filed May 25, 1964

O P I N I O N

This is an application for an order of the Commission (1) authorizing Leland S. Gibbs and Lillian H. Gibbs, doing business as Gibbs Ranch Water Company, to sell and transfer their water system to Gibbs Ranch Water Co., a corporation, and (2) authorizing Gibbs Ranch Water Co., in acquiring said water system, to issue \$35,000 par value of its capital stock.

Pursuant to authority granted by Decision No. 66510, dated December 20, 1963, in Application No. 45501, the transferors commenced operations on January 1, 1964 as a public utility providing water service to their subdivision located near Sonora, Tuolumne County. The application shows that they desire to carry on their operations under a corporate form of organization and that, in order to accomplish such objective, they propose to sell and transfer their public utility properties, having a net book value of \$35,000, to the new corporation, Gibbs Ranch Water Co.

Gibbs Ranch Water Co., a California corporation organized on or about March 11, 1964, proposes to purchase at net book value the water system and related assets, subject to existing liabilities, and to issue 350 shares of its common stock having an aggregate par value of \$35,000 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 would 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 Gibbs Ranch Water Co. 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 September 30, 1964, Leland S. Gibbs and Lillian H. Gibbs, doing business as Gibbs Ranch Water Company, may sell and transfer, and Gibbs Ranch Water Co. may purchase and acquire, the public utility water properties and related assets referred to in the application. Said sale and transfer may be made effective as of March 12, 1964, for accounting purposes.

2. Gibbs Ranch Water Co., on or before September 30, 1964, may issue not to exceed \$35,000 par value of its common stock in part payment for said assets.

3. Gibbs Ranch Water Co. shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is hereby made a part of this order.

4. 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, Gibbs Ranch Water Co.
- 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.

5. If the authority herein granted to transfer properties is exercised, Gibbs Ranch Water Co., within thirty days thereafter, shall notify the Commission, in writing, of the date of completion of such transfer.

6. Gibbs Ranch Water Co. 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 presently filed rates shall be made unless authorized by this Commission.

7. On or before the end of the third month after the consummation of the transfer as herein authorized, Gibbs Ranch Water Co. 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 March 12, 1964, the effective date of the transfer for accounting purposes.

8. Upon compliance with all of the conditions of this order, Leland S. Gibbs and Lillian H. Gibbs, doing business as Gibbs Ranch 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. The effective date of this order is the date hereof.

Dated at San Francisco, California, this 23rd day of June, 1964.

[Signature] President
[Signature]
[Signature]
[Signature]
[Signature] Commissioners

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.