

Decision No. 67738

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CLAYTON B. NEILL, doing business as BOLSA KNOLLS WATER COMPANY (not incorporated), Transferor, for an order authorizing the transfer of a Certificate of Public Convenience and Necessity and approving the sale of the water system known as the BOLSA KNOLLS WATER COMPANY (not incorporated) to BOLSA KNOLLS WATER COMPANY, a California corporation, Transferee; and of BOLSA KNOLLS WATER COMPANY, a California corporation, Transferee, to issue stock.

Application No. 46828
Filed July 21, 1964

O P I N I O N

This is an application for an order of the Commission (1) authorizing Clayton B. Neill, an individual doing business as Bolsa Knolls Water Company, to sell and transfer his water system to Bolsa Knolls Water Company, a corporation, and (2) authorizing Bolsa Knolls Water Company, a corporation, in acquiring said water system, to issue \$45,000 par value of its common stock.

Clayton B. Neill, doing business as Bolsa Knolls Water Company, is engaged in the operation of a public utility water system pursuant to authority granted by Decision No. 47591, dated August 19, 1952, in Application No. 33622. The application shows that service is provided to approximately 372 consumers situated in an area about four miles north of the City of Salinas,

Monterey County. The owner desires to carry on the business under a corporate form of organization and, in order to accomplish such objective, he proposes to sell and transfer his public utility properties to the new corporation, Bolsa Knolls Water Company. The balance sheet, attached to the application as Exhibit B, indicates that as of May 31, 1964, the proprietor's equity in the enterprise was \$46,915.

Bolsa Knolls Water Company, a California corporation organized on or about July 1, 1964, proposes to purchase the water system and related assets, subject to existing liabilities, and to issue 450 shares of its common stock having an aggregate par value of \$45,000 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 Bolsa Knolls Water Company, a corporation, 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 October 31, 1964, Clayton B. Neill, doing business as Bolsa Knolls Water Company, may sell and transfer, and Bolsa Knolls Water Company, a corporation, may purchase and acquire, the public utility water properties and related assets referred to in the application.

2. Bolsa Knolls Water Company, a corporation, on or before October 31, 1964, may issue not to exceed \$45,000 par value of its common stock in part payment for said assets.

3. Bolsa Knolls Water Company, a corporation, shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

4. On or before the date of actual transfer -

- a. Seller shall refund all customers' deposits and all advances for construction, if any, which are due to be refunded. Any unrefunded deposits and advances shall be transferred to and shall become the obligation for refund of Bolsa Knolls Water Company, a corporation.
- b. Seller 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 the purchaser shall receive and preserve the same.

5. If the authority herein granted to transfer properties is exercised, Bolsa Knolls Water Company, a corporation, within thirty days thereafter, shall notify the Commission, in writing, of the date of completion of such transfer.

6. Bolsa Knolls Water Company, a corporation, 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 transferor 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.

7. On or before the end of the third month after the consummation of the transfer herein authorized, Bolsa Knolls Water Company, a corporation, 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.

8. Upon compliance with all of the conditions of this order, Clayton B. Neill, doing business as Bolsa Knolls 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 25th day of AUGUST, 1964.

Frederick B. Hallock
President
John E. [unclear]
Creed [unclear]
George H. [unclear]
Helen [unclear]
Commissioners