

**ORIGINAL**

Decision No. 68277

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
 -of- )  
 )  
 ARDEN WATER COMPANY, )  
 a corporation )  
 )  
 for a permit authorizing it to )  
 sell and issue its securities, )  
 -and- )  
 for authority to transfer the )  
 Water Certificate of WOFFORD )  
 HEIGHTS ASSOCIATES (dba Arden )  
 Water Company), a partnership, )  
 to ARDEN WATER COMPANY, )  
 a corporation. )

Application No. 47072  
Filed October 29, 1964

O P I N I O N

This is an application for an order of the Commission  
 (1) authorizing Wofford Heights Associates, a partnership doing  
 business as Arden Water Company, to sell and transfer a public  
 utility water system to Arden Water Company, a corporation, and  
 (2) authorizing Arden Water Company, a corporation, in acquiring  
 said water system, to issue \$9,861 par value of its common stock.

Wofford Heights Associates, a partnership doing business  
 as Arden Water Company, is engaged in the operation of a public  
 utility water system pursuant to authority granted by Decision  
 No. 61677, dated March 14, 1961, in Application No. 42689. Said  
 decision authorized the sale and transfer of the system from  
 Irven L. Wofford to Maxwell C. Hood, Ken Mynatt, Roy Gargano,  
 H.S.M., Inc., Harrison-Lusich & Associates, Inc., V. P. Di Giorgio,  
 W. Sumner Holbrook, Jr., Rex R. Mull, William R. Seugling and  
 Art Weatherby, who were partners in the business known as Wofford

Heights Associates. Applicants report that several subsequent changes have occurred in the membership of the enterprise.

The application shows that the present partners desire to carry on the public utility business under a corporate form of organization, and to accomplish such objective, they propose to sell and transfer their proportionate interests in the water system properties to Arden Water Company, a corporation, in exchange for stock. The utility's 1963 annual report on file with the Commission indicates that as of December 31, 1963 the partnership equity was \$9,861 and that the number of active service connections at the end of the year totaled 185, exclusive of fire protection.

Arden Water Company, a California corporation organized on or about June 18, 1964, proposes to purchase the water system and related assets, subject to existing liabilities, and to issue 9,861 shares of its common stock having an aggregate par value of \$9,861 in payment therefor.

The Commission has considered this matter and finds that: (1) the sales and transfers of partnership interests in Wofford Heights Associates as described in the application are not adverse to the public interest; (2) the sale and transfer of the water utility business and related assets as proposed in this proceeding 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 Arden 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. The sales and transfers of partnership interests in Wofford Heights Associates, doing business as Arden Water Company, from those partners set forth in Decision No. 61677, dated March 14, 1961, in Application No. 42689, to the present partners specified in this proceeding are hereby authorized.

2. On or before February 28, 1965, the present partners of Wofford Heights Associates, doing business as Arden Water Company, may sell and transfer, and Arden Water Company, a corporation, may purchase and acquire, the public utility water properties and related assets as set forth in the application.

3. Arden Water Company, a corporation, on or before February 28, 1965, may issue not to exceed \$9,861 par value of its common stock and may assume the payment of outstanding indebtedness in acquiring said assets.

4. Arden 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.

5. On or before the date of actual transfer -

- a. Sellers 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 Arden Water Company, a corporation.
- 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 the purchaser shall receive and preserve the same.

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

7. Arden 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 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.

8. On or before the end of the third month after the consummation of the transfer herein authorized, Arden 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.

9. Upon compliance with all of the conditions of this order, the partners of Wofford Heights Associates, a partnership doing business as Arden 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.

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

Dated at San Francisco, California, this 30<sup>th</sup> day of NOVEMBER, 1964.

Frederick B. Halblitt  
President

John E. Hutchins

Wesley W. Page

George G. Grover

William A. Reynolds  
Commissioners