

ORIGINAL

Decision No. 68370

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CLAYTON B. NEILL)
 and DOROTHY M. NEILL, d.b.a.)
 RANCHO DEL MONTE 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 RANCHO)
 DEL MONTE WATER COMPANY (not)
 incorporated) to RANCHO DEL)
 MONTE WATER COMPANY, a California)
 corporation, Transferee; and of)
 RANCHO DEL MONTE WATER COMPANY,)
 a California corporation, to)
 issue stock.)

Application No. 47152
Filed November 30, 1964

O P I N I O N

This is an application for an order of the Commission (1) authorizing Clayton B. Neill and Dorothy M. Neill, doing business as Rancho Del Monte Water Company, to sell and transfer their water system to Rancho Del Monte Water Company, a corporation, and (2) authorizing Rancho Del Monte Water Company, a corporation, in acquiring said water system, to issue \$60,000 par value of its common stock.

Clayton B. Neill and Dorothy M. Neill, doing business as Rancho Del Monte Water Company, are engaged in the operation of a public utility water system in Carmel Valley, Monterey County, pursuant to authority granted by Decision No. 53129, dated May 28, 1956, in Application No. 37983. The application

shows that service is provided to approximately 274 consumers. The owners desire to continue the business under a corporate form of organization and, to accomplish such objective, they propose to sell and transfer the public utility properties to the new corporation, Rancho Del Monte Water Company. The balance sheet, attached to the application as Exhibit B, indicates that as of October 31, 1964, the proprietary equity in the enterprise was \$62,489.

Rancho Del Monte Water Company, a California corporation organized on or about November 9, 1964, proposes to purchase the water system and related assets, subject to existing liabilities, and to issue 600 shares of its common stock having an aggregate par value of \$60,000 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 Rancho Del Monte 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 March 31, 1965, Clayton B. Neill and Dorothy M. Neill, doing business as Rancho Del Monte Water Company, may sell and transfer, and Rancho Del Monte Water Company, a corporation, may purchase and acquire, the public utility water properties and related assets referred to in the application.
2. Rancho Del Monte Water Company, a corporation, on or before March 31, 1965, may issue not to exceed \$60,000 par value of its common stock in part payment for said assets.
3. Rancho Del Monte 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. Sellers shall refund all customers' deposits and all advances for construction, if any, which are due to be refunded at the date of transfer. Any unrefunded deposits and advances shall be transferred to and shall become the obligation for refund of Rancho Del Monte Water Company, a corporation.
 - b. Sellers shall transfer and deliver to 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 authorization herein granted to transfer properties is exercised, Rancho Del Monte Water Company, a corporation, within thirty days thereafter, shall notify the Commission, in writing, of the date of completion of such transfer.

6. Rancho Del Monte 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 sellers 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, Rancho Del Monte 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 and Dorothy M. Neill, doing business as Rancho Del Monte 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 22nd day of DECEMBER, 1964.

Frederick B. Hallock
President

George T. Crover
Commissioners

William L. Bunker
Commissioners