

ORIGINAL

Decision No. 70516

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

APPLICATION OF LUTHER H. PENIX and JANE)	
PENIX, doing business as KETTLEMAN CITY)	
WATER SYSTEM FOR AN ORDER AUTHORIZING)	Application No. 48291
TRANSFER OF THE UTILITY TO THE KETTLEMAN)	Filed March 8, 1966
CITY WATER SYSTEM, INC., AND FOR ORDER)	
AUTHORIZING ISSUING OF SHARES.)	

O P I N I O N

This is an application for an order of the Commission authorizing Luther H. Penix and Jane Penix, doing business as Kettleman City Water System, to sell and transfer their public utility properties and related assets to Kettleman City Water System, Inc., and authorizing the latter to issue \$24,000 par value of its capital stock.

Luther H. Penix and Jane Penix acquired the public utility water business known as Kettleman City Water System pursuant to authority granted by Decision No. 38570, dated December 28, 1945, in Application No. 27005. The present application shows that the utility provides water service to approximately 130 customers in and near the unincorporated town of Kettleman City, Kings County. According to the balance sheet attached to the application as part of Exhibit C, the transferors' equity

in the enterprise as of December 31, 1965, was \$24,321.67.

In this proceeding the owners request authority to sell their public utility properties and related assets to Kettleman City Water System, Inc., a California corporation organized on or about February 15, 1966. The corporation proposes to acquire said assets, subject to existing liabilities, and to issue 2,400 shares of its capital stock having an aggregate par value of \$24,000 in payment therefor.

The Commission has considered this matter and finds that: (1) the proposed sale and transfer will not be adverse to the public interest; (2) 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 (3) 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 Kettleman City Water System, 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 corporation 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 the 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, 1966, Luther H. Penix and Jane Penix, doing business as Kettleman City Water System, may sell and transfer, and Kettleman City Water System, Inc. may purchase and acquire, the public utility water properties and related assets described in the application.

2. Kettleman City Water System, Inc., on or before July 31, 1966, in acquiring said assets, may issue not to exceed \$24,000 par value of its capital stock.

3. Kettleman City Water System, Inc. 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 Kettleman City Water System, Inc.

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 authority herein granted to transfer properties is exercised, Kettleman City Water System, Inc., within thirty days thereafter, shall notify the Commission, in writing, of the date of completion of such transfer.

6. Kettleman City Water System, 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 sellers 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, Kettleman City Water System, Inc. shall cause to be filed with the Commission, in such form as the Commission may prescribe, an annual report, or reports, related to the operations of the sellers for 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, Luther H. Penix and Jane Penix 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 5th day of APRIL, 1966.

Frederick B. Halbach
President

George T. Trover

Augustin

William B. Bennett
Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.