

**ORIGINAL**Decision No. 71016

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of JAMES E. SHOPE )  
 and EVA J. SHOPE, his wife, )  
 doing business as YERMO WATER )  
 COMPANY, for permission to )  
 purchase and acquire all the )  
 capital stock of MARINE WATER )  
 COMPANY and to issue promissory )  
 note. )

Application No. 48578  
 Filed June 23, 1966

O P I N I O N

This is an application for an order of the Commission authorizing James E. Shope and Eva J. Shope, his wife, to purchase and acquire all of the outstanding capital stock of Marine Water Company and to issue a promissory note in the principal amount of \$21,000.

Records on file with this Commission show that J. E. Shope owns and operates the public utility water system known as Yermo Water Company, which serves approximately 110 customers located in and near the community of Yermo, San Bernardino County. As of May 31, 1965, the utility's reported assets of \$31,322 were offset by proprietary capital and other liabilities in respective sums of \$29,926 and \$1,396.

Marine Water Company, a California corporation, provides public utility water service to approximately 90 customers in the vicinity of Yermo. The company has financed its plant investment, in part, by the issue and sale of 730

shares of its no par value common stock at an aggregate stated value of \$36,500, as previously authorized by the Commission. The application shows that the utility also has executed two water main extension contracts, the aggregate unpaid balances of which amounted to \$19,462 as of January 13, 1966. Said contracts are owned by the utility's shareholders.

Exhibit A, attached to the application, is a copy of an Agreement of Sale and Escrow Agreement whereby the owners of the outstanding stock of Marine Water Company have agreed to sell and transfer their shares, together with the two water main extension contracts, for a total consideration of \$31,000, of which \$10,000 will be in the form of cash. The balance of \$21,000 will be evidenced by a promissory note to be issued by James E. Shope and Eva J. Shope, repayable in quarterly installments of \$750 each on principal, plus interest at the rate of 5% per annum. Said capital stock and contracts will be pledged as security for the indebtedness.

The financial statement of James E. Shope and Eva J. Shope, attached to the application as a part of Exhibit C, indicates a net worth of \$110,767 as of May 31, 1966.

The Commission has considered this matter and finds that: (1) James E. Shope and Eva J. Shope are financially able to acquire the common stock of Marine Water Company; (2) the proposed stock acquisition will not be adverse to the public interest; (3) the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required for the purposes specified

herein; and (4) such purposes are 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. The action taken herein shall not be construed as a finding of the value of the outstanding main extension contracts or shares of capital stock of Marine Water Company, 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. James E. Shope and Eva J. Shope, on or after the effective date hereof and on or before December 31, 1966, may purchase and acquire all of the outstanding capital stock of Marine Water Company in the manner set forth in this proceeding.

2. On or after the effective date hereof and on or before December 31, 1966, James E. Shope and Eva J. Shope may issue a promissory note in the principal amount of not to exceed \$21,000 for the purposes specified in the application. Said note shall be in the same form, or in substantially the same form, as that attached to the application as Exhibit B.

3. James E. Shope 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. This order shall become effective when applicants have paid the minimum fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$25.

Dated at San Francisco, California, this 26<sup>th</sup> day of JULY, 1966.

[Signature]  
President

[Signature]

[Signature]

[Signature]

[Signature]  
Commissioners

