

ORIGINAL

Decision No. 71401

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application)
of FRANK ROGINA dba ROGINA WATER)
COMPANY, Mendocino County, to)
transfer, and of ROGINA WATER)
COMPANY, a California corporation,)
to purchase, the assets of said)
system; and for the corporation)
to issue securities.)

Application No. 48783
Filed September 13, 1966

O P I N I O N

This is an application for an order of the Commission authorizing Frank Rogina, an individual doing business as Rogina Water Company, to sell and transfer his public utility properties and related assets to Rogina Water Company, a California corporation, and authorizing the latter to issue 2,564 shares of its \$100 par value capital stock.

By Decision No. 42766, dated April 19, 1949, in Application No. 29618, the Commission granted a certificate of public convenience and necessity authorizing Frank Rogina to construct and operate a public utility water system in and about Talmage, Mendocino County. The utility's 1965 annual report shows that as of December 31, 1965, the proprietor's equity in the business was \$156,559 and that the number of active service connections at the end of the year totaled 511.

In the present application Frank Rogina seeks authority to sell and transfer his public utility properties and related assets to Rogina Water Company, a California corporation organized

on or about July 25, 1966. The corporation proposes to acquire said assets, subject to existing liabilities, in exchange for capital stock.

Subsequent to filing the application, counsel for applicants submitted a letter dated September 16, 1966, which letter is filed and made a part of the record in this proceeding. The letter indicates that applicants are agreeable to basing the proposed stock issue on the \$156,559 net book value of the assets as of December 31, 1965. Therefore, instead of issuing 2,564 shares of its \$100 par value capital stock, the corporation would issue 1,565 shares in exchange for the assets to be acquired and liabilities to be assumed.

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 1,565 shares of capital stock herein authorized is reasonably required for the purpose specified herein; (3) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; and (4) good cause appears for dismissing that portion of the application pertaining to the proposed issue of an additional 999 shares of capital stock.

On the basis of the foregoing findings we conclude that the application should be (a) dismissed, insofar as it relates to the issue of capital stock in excess of 1,565 shares, and (b) granted in all other respects. A public hearing is not necessary.

In issuing our order herein, we place Rogina Water Company 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 December 31, 1966, Frank Rogina, an individual doing business as Rogina Water Company, may sell and transfer, and Rogina Water Company, a corporation, may purchase and acquire, the public utility water properties and related assets as set forth in the application.
2. Rogina Water Company, a corporation, on or before December 31, 1966, in acquiring said assets, may assume the related liabilities and issue not to exceed 1,565 shares of its capital stock.
3. Rogina 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 at the date of transfer. Any unrefunded deposits and advances shall be transferred to and shall become the obligation for refund of Rogina Water Company, a corporation.
- b. Seller 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, Rogina Water Company, a corporation, within thirty days thereafter, shall notify the Commission, in writing, of the date of completion of such transfer.

6. Rogina 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 seller 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, Rogina Water Company, a corporation, 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 seller 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, Frank Rogina 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. This application, insofar as it relates to the issue of 999 shares of capital stock in addition to the 1,565 shares herein authorized, is hereby dismissed.

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

Dated at San Francisco, California,
this 11th day of OCTOBER, 1966.

John L. ... President
George D. ...
Fredrick B. Holdhoff
William H. ...

Commissioners

Commissioner A. W. Gatov, being necessarily absent, did not participate in the disposition of this proceeding.