

ORIGINAL

Decision No. 71542

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint)
 Application of LINDALE WATER)
 COMPANY, a California corporation,)
 and LINDALE MANOR WATER COMPANY,)
 a partnership, for an order)
 authorizing (a) Lindale Manor)
 Water Company, a partnership)
 composed of Henry K. George and)
 Blanche Thompson George, to)
 transfer to Lindale Water Company,)
 a California corporation, and for)
 said corporation to acquire in)
 exchange for its stock the water)
 system owned and operated by)
 Lindale Manor Water Company;)
 (b) Lindale Water Company, a)
 California corporation, to engage)
 in the public utility water)
 business now being conducted by)
 Lindale Manor Water Company, a)
 partnership; and (c) Lindale)
 Water Company to issue its)
 securities in exchange for said)
 public utility water business.)

Application No. 48865
Filed October 14, 1966

O P I N I O N

This is an application for an order of the Commission authorizing Henry K. George and Blanche George, his wife, doing business as Lindale Manor Water Company, to sell and transfer their public utility properties and related assets, subject to liabilities, to Lindale Water Company, a corporation, and authorizing said corporation to issue 600 shares of its \$100 par value capital stock.

By Decisions No. 57024, dated July 22, 1958, No. 64481, dated October 30, 1962, and No. 67646, dated August 4, 1964, the Commission granted Henry K. George and Blanche George certificates of public convenience and necessity pertaining to their public utility water system, which is located near Porterville, Tulare County.

The 1965 annual report related to such system shows that as of December 31, 1965, the proprietors' equity in the business was \$84,126, and that the number of active service connections at the end of the year totaled 530, which number includes 28 connections for fire hydrants.

In the present application Henry K. George and Blanche George seek authority to transfer their public utility properties and related assets to Lindale Water Company, a California corporation organized on or about July 26, 1966. The corporation proposes to acquire said assets, subject to existing liabilities, in exchange for \$60,000 aggregate par value of its capital stock. Any excess of net book value of the acquisition over par value of the stock issued is to be considered as capital surplus.

The Commission has considered this matter and finds that: (1) the proposed transactions 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. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

In issuing our order herein, we place Lindale 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 March 31, 1967, Henry K. George and Blanche George, doing business as Lindale Manor Water Company, may sell and transfer, and Lindale Water Company, a corporation, may purchase and acquire, the public utility water properties and related assets as set forth in the application.

2. Lindale Water Company, a corporation, on or before March 31, 1967, in acquiring said assets, may assume the related liabilities and issue not to exceed 600 shares of its \$100 par value capital stock.

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

6. Lindale 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 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, Lindale 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

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, Henry K. George and Blanche George, doing business as Lindale Manor 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 restriction pertaining to extension of service to certain areas, as set forth in Ordering Paragraph No. 5 of Decision No. 64481, dated October 30, 1962, shall apply to Lindale Water Company, a corporation.

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

Dated at San Francisco, California,
this 9th day of NOVEMBER, 1966.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners