

ORIGINAL

Decision No. 71915

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint)
 Application of WEST GATE WATER)
 COMPANY, a California corporation,)
 and WEST GATE WATER COMPANY, a)
 partnership, for an order)
 authorizing (a) West Gate Water)
 Company, a partnership composed)
 of, James N. Wilson, E. Myrri)
 West and Ahmad M. Rashid, to)
 transfer to West Gate Water)
 Company, a California corporation,)
 and for said corporation to)
 acquire in exchange for its)
 stock the water system owned and)
 operated by West Gate Water)
 Company; (b) West Gate Water)
 Company to issue its securities)
 in exchange for said public)
 utility water business.)

Application No. 49058
Filed December 29, 1966

O P I N I O N

This is an application for an order of the Commission authorizing Ahmad Muhammad Rashid, James N. Wilson and E. Myrri West, doing business as Westgate Water Company, to sell and transfer their public utility properties and related assets to West Gate Water Company, a corporation, and authorizing the latter to issue \$21,700 par value of its capital stock.

By Decision No. 71065, dated August 2, 1966, in Application No. 49117, a certificate of public convenience and necessity to construct and operate a public utility water system under the name of Westgate Water Company was granted to Ahmad Muhammad Rashid, James N. Wilson and E. Myrri West. The utility

is authorized to provide water service to consumers located in an unincorporated area near Yuba City, Sutter County. According to the balance sheet, attached to the application as part of Exhibit B, the partnership equity in the enterprise as of November 30, 1966, was \$21,764.

In this proceeding the owners request authority to sell their public utility properties and related assets to West Gate Water Company, a California corporation organized on or about July 1, 1966. The corporation proposes to acquire said assets, subject to existing liabilities, and to issue 217 shares of its \$100 par value capital stock having an aggregate par value of \$21,700 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 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 West Gate 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 April 30, 1967, Ahmad Muhammad Rashid, James N. Wilson and E. Myrrl West, doing business as Westgate Water Company, may sell and transfer, and West Gate Water Company, a corporation, may purchase and acquire, the public utility water properties and related assets as set forth in the application.

2. West Gate Water Company, a corporation, on or before April 30, 1967, in acquiring said assets, may assume the related liabilities and issue not to exceed 217 shares of its \$100 par value capital stock.

3. West Gate 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 West Gate 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, West Gate Water Company, a corporation, within thirty days thereafter, shall notify the Commission, in writing, of the date of completion of such transfer.

6. West Gate 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, West Gate 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, Ahmad Muhammad Rashid, James N. Wilson and E. Myrri West 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 24th day of JANUARY, 1967.

Robert E. Mitchell
President

William B. Bennett

Augustin

Harold P. Moussey

Commissioners

Commissioner WILLIAM SYMONS, JR. did not participate in the disposition of this proceeding.