

**ORIGINAL**

Decision No. 73012

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )

CHARLES and MARY PAVKA, doing )  
business as Strawberry Heights )  
Water Company, a proprietorship, )  
and )

STRAWBERRY HEIGHTS WATER COMPANY, )  
a corporation, )

for an order authorizing: )

a. Charles and Mary Pavka to )  
transfer and Strawberry Heights )  
Water Company, a corporation, to )  
acquire the properties owned by )  
them and constituting the )  
Strawberry Heights Water Company; )

b. Strawberry Heights Water )  
Company, a corporation, to issue )  
shares of its capital stock in )  
exchange for the assets of )  
Strawberry Heights Water Company, )  
a proprietorship; )

c. Charles and Mary Pavka to )  
withdraw from the public utility )  
water business; )

d. Strawberry Heights Water )  
Company, a corporation, to )  
engage in the public utility )  
water business now being )  
conducted by Charles and Mary )  
Pavka. )

Application No. 49601  
Filed August 11, 1967

O P I N I O N

This is an application for an order of the Commission authorizing Charles Pavka and Mary Pavka, doing business as

Strawberry Heights Water Company, to sell and transfer their public utility properties and certain related assets, subject to liabilities, to Strawberry Heights Water Company, a California corporation, and authorizing the latter to issue 2,000 shares of its \$10 par value common stock.

Charles Pavka and Mary Pavka acquired the public utility water system known as Strawberry Heights Water Company pursuant to authority granted by Decision No. 67747, dated August 25, 1964, in Application No. 46197. The present application shows that the utility provides water service to 73 service connections in the Strawberry Heights Subdivision near Strawberry Lodge, El Dorado County. According to the balance sheet, attached to the application as part of Exhibit D, the owners' equity in the enterprise as of December 31, 1966 was \$22,074.

In this proceeding Charles Pavka and Mary Pavka request authority to sell their public utility properties and certain related assets to Strawberry Heights Water Company, a California corporation organized on or about May 15, 1967.

The corporation proposes to acquire said assets, subject to existing liabilities, in exchange for \$20,000 aggregate par value of its capital stock. It appears that the excess of net book value of assets to be acquired over the par value of stock to be issued will be accounted for 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 Strawberry Heights 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, 1967, Charles Pavka and Mary Pavka, doing business as Strawberry Heights Water Company, may sell and transfer, and Strawberry Heights Water Company, a corporation, may purchase and acquire, the public utility water properties and related assets referred to in the application.

2. Strawberry Heights Water Company, a corporation, in acquiring said assets, may assume the related liabilities and issue not exceeding 2,000 shares of its \$10 par value common stock.

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

6. Strawberry Heights 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, Strawberry Heights 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, Charles Pavka and Mary Pavka, doing business as Strawberry Heights Water Company, shall stand relieved of all further public utility obligations pertaining to 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 10<sup>th</sup> day of SEPTEMBER, 1967.

[Signature]  
President

[Signature]

[Signature]

[Signature]

[Signature]  
Commissioners