

**ORIGINAL**

Decision No. 74656

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of LeRoy J. LaFrentz	)	
and Emma Lee LaFrentz, dba	)	
Descanso Park Water Company, to	)	Application No. 50496 .
transfer Utility properties to	)	Filed August 20, 1968
Descanso Park Water Co, Inc.,	)	
and the latter to issue stock	)	

O P I N I O N

This is an application for an order of the Commission authorizing LeRoy J. LaFrentz and Emma Lee LaFrentz, doing business as Descanso Park Water Company, to sell and transfer their public utility properties and related assets to Descanso Park Water Co., a corporation, and authorizing the latter to assume outstanding indebtedness and to issue 624 shares of its \$100 par value capital stock.

LeRoy J. LaFrentz and Emma Lee LaFrentz acquired the public utility water system known as Descanso Park Water Company pursuant to authority granted by Decision No. 50835, dated December 7, 1954, in Application No. 35838. The service area, which is located in a portion of San Diego County, has been expanded through subsequent acquisitions of two other water systems in accordance with authority granted by Decision No. 61725, dated

March 28, 1961, in Application No. 41951, and by Decision No. 72387, dated May 9, 1967, as amended, in Application No. 49050.

In the present proceeding the owners request authority to sell their public utility properties and related assets to Descanso Park Water Co., a California corporation organized on or about October 26, 1964. The corporation proposes to acquire said assets, subject to existing liabilities, in exchange for \$62,400 aggregate par value of its capital stock.

The utility's 1967 annual report on file with the Commission indicates that the net worth of the business as of December 31, 1967 amounted to \$62,447.

After consideration the Commission 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 Descanso Park Water Co. 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, 1968, LeRoy J. LaFrentz and Emma Lee LaFrentz, doing business as Descanso Park Water Company, may sell and transfer, and Descanso Park Water Co., a corporation, may purchase and acquire, the public utility water properties and related assets referred to in the application.

2. Descanso Park Water Co., in acquiring said assets, may assume the related liabilities and may issue not exceeding 624 shares of its \$100 par value capital stock.

3. Descanso Park Water Co. 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 Descanso Park Water Co.

- 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, Descanso Park Water Co., within thirty days thereafter, shall notify the Commission, in writing, of the date of completion of such transfer.

6. After the date of this order, and not less than five days before the date of actual transfer, Descanso Park Water Co. shall file with the Commission a notice of adoption of the presently filed rates and rules of the sellers in accordance with the procedure prescribed by General Order No. 96-A. The effective date of the notice of adoption shall be concurrent with the date of actual transfer. 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, Descanso Park Water Co. 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, LeRoy J. LaFrentz and Emma Lee LaFrentz shall stand relieved of all further public utility obligations pertaining to the operations 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 11<sup>th</sup> day of SEPTEMBER, 1968.

William Symons, Jr.  
President

William L. ...

Augustus

Fred P. Monissey  
Commissioners