

ORIGINAL

Decision No. 79326

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

APPLICATION OF BANK OF AMERICA NATIONAL)
 TRUST & SAVINGS ASSOCIATION, as succes-)
 sor trustee under the Last Will and)
 Testament of Joseph A. Shaw, deceased,)
 TO TRANSFER THE ASSETS OF RIVERSIDE)
 WATER WORKS, (a proprietorship) TO)
 RIVERSIDE WATER WORKS, A CORPORATION,)
 AND FOR AUTHORITY TO ISSUE SHARES.)

Application No. 52873
 (Filed September 21, 1971)

O P I N I O N

Bank of America National Trust and Savings Association, as successor trustee under the Last Will and Testament of Joseph A. Shaw, deceased, requests authority to transfer all of the assets of Riverside Water Works, a public utility water system operated as a proprietorship, to Riverside Water Works, a corporation, and the latter requests authority to issue 17,370 shares of capital stock having a par value of \$1.00 per share with an aggregate par value of \$17,370 in exchange therefor.

The subject utility system provides metered water service to residences in the vicinity of Ferndale and Port Kenyon, Humboldt County. The 1970 Annual Report of the proprietorship shows a total of 97 meters. The application states as follows: Trustee has been operating said system as a proprietorship; it would be in the best interest of said business to be incorporated; as of December 31, 1970, the net book value of the assets of the proprietorship was \$17,395, liabilities were \$25 and the net worth was \$17,370; trustee proposes to transfer said assets, subject to said liabilities, for the aforementioned 17,370 shares; said corporation has no assets or liabilities, has not heretofore issued any of its capital stock and was organized solely for the purpose of operating said business in a corporate capacity.

The major items of utility property which are proposed to be transferred are listed in Exhibits A and B of the application. They include land, pumping equipment, water treatment equipment, water meters, various pipes and tools and miscellaneous office equipment and supplies.

After consideration the Commission finds that the proposed transfer would not be adverse to the public interest. A public hearing is not necessary. The Commission concludes that the application should be granted.

The authorization herein granted shall not be construed as a finding of the value of the rights and properties herein authorized to be transferred.

The money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purposes specified herein, and such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

In issuing our order herein, we place Riverside Water Works, a corporation, 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 it 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 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 January 31, 1972, Bank of America National Trust and Savings Association, as successor trustee under the Last Will and Testament of Joseph A. Shaw, may transfer and sell Riverside Water Works, a public utility water system operated as a proprietorship, and Riverside Water Works, a corporation, may acquire said

system, substantially in accordance with the terms set forth in the application.

2. After the effective date of this order, and not less than five days before the actual transfer, purchaser shall file a notice of adoption of seller's tariffs. Such filing shall comply with General Order No. 96-A. The effective date of the notice of adoption shall be the date of actual transfer.

3. On or before the date of actual transfer, seller shall refund all customers' deposits and advances for construction, if any, which are due and payable as of the date of transfer. All unrefunded deposits and advances shall be transferred to purchaser, and purchaser shall be responsible for their refund when due.

4. On or before the date of actual transfer, seller shall deliver to purchaser, and purchaser shall receive and preserve, all records, memoranda and papers pertaining to the construction and operation of the properties herein authorized to be transferred.

5. Within ten days after the date of actual transfer, seller and purchaser jointly shall file in this proceeding (a) a written statement, showing the date of transfer and the date upon which purchaser assumed operation of the water system herein authorized to be transferred, and (b) a true copy of each instrument of transfer of said water system.

6. On or before January 31, 1972, purchaser may, for the purposes specified in the foregoing opinion, issue not exceeding 17,370 of its \$1.00 par value capital stock to seller in exchange for the assets authorized to be transferred herein and may assume the obligations and liabilities of seller.

7. Purchaser shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is made a part of this order.

8. Upon compliance with all of the conditions of this order, seller shall stand relieved of its public utility obligations in the area served by the transferred system and may discontinue service concurrently with the commencement of service by purchaser.

The authority herein granted to issue stock will become effective when purchaser has paid the minimum fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$50.00. In other respects, the effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 16th day of NOVEMBER, 1971.

[Signature]
Chairman
William Lyman J.
[Signature]
Vernon L. Stinson
[Signature]
Commissioners

