

Decision 88 10 015

OCT 14 1988

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

| | |
|---------------------------------------|------------------------|
| In the Matter of the Application of) | |
| Gerber Water Works, Inc. for) | |
| Authority to Transfer all of the) | Application 88-04-002 |
| stock issued by this California) | (Filed April 1, 1988; |
| Corporation, from Edna B. Lee to) | amended July 18, 1988) |
| Sandra Sherrington and Joan L.) | |
| Bedell.) | |
| _____) | |

O P I N I O N

This is an application in which Gerber Water Works, Inc. (Utility) seeks authority to transfer the capital assets of Utility, consisting of 2,098 shares of no par value common stock, from Edna B. Lee (Lee) equally to two of her daughters, Sandra Sherrington (Sherrington) and Joan L. Bedell (Bedell).

Notice of the filing of this application appeared in the Commission's Daily Calendar on April 5, 1988. There are no protests.

An Amendment to Application was filed on July 18, 1988, correcting some errors in the original filing and providing a 1987 Annual Report that was not previously available. Notice of the Amendment to Application appeared in the Commission's Daily Calendar on July 21, 1988. There are no protests.

The Commission makes the following findings and conclusions.

Findings of Fact

1. A public hearing is not necessary in this matter.
2. Lee owns the operating authority and assets of Utility which is a water corporation as defined in Public Utilities (PU) Code § 241, subject to the jurisdiction of the Commission.

3. Utility is a California corporation which was incorporated on May 7, 1979. Its articles of incorporation authorize it to issue 10,000 shares of one class stock.

4. Decision (D.) 90875 authorized Utility to issue 2,098 shares of no par value common stock to Lee.

5. Utility desires to transfer all 2,098 shares of stock from Lee, equally to two of her daughters, Sherrington, and Bedell, with each daughter receiving 1,049 shares.

6. A third daughter, Barbara Collar (Collar), ceased management or control of Utility by resigning from the position of secretary of Utility on April 1, 1988. She does not object to transfer of all of Utility's stock to Sherrington and Bedell.

7. Bedell replaced Collar as secretary of Utility.

8. Sherrington was elected to president of Utility on May 5, 1987.

9. W. H. Shafer, who has maintained and operated the Utility water system for many years, will continue in that function.

10. Utility serves the unincorporated community of Gerber, having a population of about 1,000 people, and located about nine miles southwest of Red Bluff, in Tehama County, California.

11. D.91197 authorized Utility to enter into a Safe Drinking Water Bond Act loan with the Department of Water Resources to improve the distribution system, and collect a surcharge to repay the principle and interest on a \$100,075 loan.

12. Utility's unaudited pro forma balance sheet, as of December 31, 1986, is as follows:

| <u>Assets</u> | | <u>Liabilities & Equity</u> | |
|--------------------------------|------------|---|---------------|
| Water Plant in Service | \$160,249 | Common Stock, 2,098 shares issued | \$ 20,980 |
| Accumulated Depreciation | (26,194) | Other paid-in capital | 18,435 |
| Loan Amount Amortized-SDWBA | (8,616) | Retained Earnings | (19,541) |
| Cash | 331 | Long Term Debt -SDWBA | 92,459 |
| Materials and Supplies | <u>400</u> | Current Liabilities | <u>13,837</u> |
| Net Utility Plant | \$126,170 | Total Equity and Liabilities | \$126,170 |

13. The application avers that transfer of control of Utility will not result in rate or rule filings, or refund of advances or deposits.

14. The proposed transfer of stock is not adverse to the public interest.

Conclusions of Law

1. The application should be granted subject to the conditions of the order.

2. The stock authorized to be transferred by Utility should be further transferable only by order of the Commission.

This authorization is not a finding of the value of the rights and properties over which control is being acquired.

ORDER

IT IS ORDERED that:

1. On or before September 30, 1989, Gerber Water Works, Inc. (Utility) may transfer its capital assets from Edna B. Lee, equally to Sandra Sherrington and Joan L. Bedell. As a condition of this authority, the capital assets shall be further transferable only upon order of the Commission.

2. As a condition of this grant of authority, Utility shall continue to assume the public utility obligations and the liability for refunds of all existing customer deposits.

3. Within 10 days after transfer, Utility shall write the Commission, stating the date of transfer and the date the requirements of Ordering Paragraph 2 were completed.

4. Gerber Water Works, Inc. shall continue using the existing tariffs. Rates shall not increase unless authorized by the Commission.

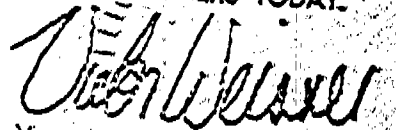
5. The application is granted as set forth above.

This order becomes effective 30 days from today.

Dated October 14, 1988, at San Francisco, California.

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Victor Weisser, Executive Director

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