

Decision 90 05 008 MAY 04 1990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
TIMOTHY O. WITT, doing business as)
COUNTRY LANE WATER CO., CIS #U 287 W,)
for an Ex Parte hearing and an order)
authorizing him to sell the utility,)
and the Application of COUNTRY LANE)
WATER CO., INC., a corporation, for)
an order authorizing it to issue)
stock for the purchase price thereof.)

Application 89-10-052
(Filed October 31, 1989)

O P I N I O N

This is an application in which Timothy O. Witt doing business as Country Lane Water Co. (Utility) seeks authority to transfer all the assets of Utility to Country Lane Water Co., Inc. (Corporation) in which Witt would be the sole shareholder. Authority is also sought to issue the stock necessary to consummate the transaction.

The Commission makes the following findings and conclusion.

Findings of Fact

1. Notice of the filing of the application appeared in the Commission's Daily Calendar on November 14, 1989. Since this matter involves a change in the form of ownership and no change in beneficial ownership, adequate notice has been given. There are no protests.

2. A public hearing is not necessary in this matter.

3. Witt operates a public utility water corporation as defined in Public Utilities (PU) Code § 241 subject to the jurisdiction of the Commission. Utility serves 226 customers in the vicinity of Onyx, Kern County. It has 2,220 feet of water mains. Utility's water supply consists of three wells which pump

water from local ground water aquifers to storage tanks. Booster pumps supply water to two hydropneumatic pressure tanks into distribution mains for delivery to its metered customers.

4. Corporation is a newly formed California corporation. It was formed to acquire Utility. It is authorized to issue a total of 1,000 shares of one class of stock.

5. Witt proposes to transfer all of the assets of Utility to Corporation in return for 1,000 shares of its no par value common stock.

6. This application was filed to comply with Ordering Paragraph 2 of Decision 89-08-001 and because Witt desires to protect himself from personal liability arising from the operation of Utility and to secure certain other benefits of incorporation. The management and operation of Utility will not be affected by the proposed transaction.

7. The 1988 annual report filed by Utility indicates that its depreciated assets, as of December 31, 1988 amounted to \$125,252. It is reasonable to use this amount in calculating the fee for the issuance of stock under PU Code § 1904.

8. The proposed transfer is one in which the form of ownership is changed but the ownership remains in the same person, who proposes to have Corporation adopt the tariffs presently on file with the Commission.

9. The proposed transfer of Utility's assets from Witt to Corporation is not adverse to the public interest.

10. The proposed security issue is for lawful purposes and the money, property, or labor to be obtained by it are required for these purposes. Proceeds from the security issue may not be charged to operating expenses or income.

11. Because this decision only deals with change in the form of ownership of Utility, it should be made effective on the date of issuance, except for the authority to issue stock which is dependent on the payment of fees required by PU Code § 1904.

Conclusions of Law

The application should be granted.

This authorization is not a finding of the value of the rights and properties to be transferred.

O R D E R

IT IS ORDERED that:

1. On or before March 31, 1991, Timothy O. Witt, doing business as Country Lane Water Co. (Utility), may transfer all of the assets of Utility's public utility water system to Country Lane Water Co., Inc. (Corporation), a corporation in accordance with the terms of the application.

2. Within 10 days after transfer, Witt shall write the Commission stating the date of transfer and the date when Corporation began operating the system. A copy of the transfer documents shall be attached.

3. As a condition of this grant of authority, Corporation shall assume the public utility obligations of Witt, shall assume liability for refunds of all existing customer deposits and main extension agreements, and shall notify the affected customers.

4. Corporation shall either file a statement adopting Witt's tariffs or refile those tariffs under its own name as prescribed in General Order 96. Rates shall not be increased unless authorized by this Commission.

5. Before the transfer occurs, Witt shall deliver to Corporation, and Corporation shall keep all records of the construction and operation of the water system.

6. Before the transfer occurs, Witt shall file an annual report for the year 1989.

7. On or after the effective date of this order, but before March 31, 1991, for the purposes specified, Corporation may issue 1,000 shares of its no par value common stock. The number of

shares outstanding, and the dividends paid do not determine allowable return on plant investment. This authorization is not a finding of the value of the utility's stock or property nor does it indicate the amounts to be included in ratesetting proceedings.

8. Corporation shall continue to use the plant and accumulated depreciation figures currently in the utility's books for regulatory and ratemaking purposes unless these figures are modified by further order of the Commission.

9. Within 30 days after actual transfer, Corporation shall file in proper form an annual report on Witt's operations from the first day of the current year through date of transfer.

10. When this order has been complied with, Witt as an individual owner shall have no further obligations in connection with this water system.

11. The application is granted as set forth above.

The authority granted by this order to issue stock will become effective when the issuer pays \$252, set by PU Code § 1904.1. In all other respects this order is effective today.

Dated MAY 04 1990, at San Francisco, California.

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

Neal J. Shulman
NEAL J. SHULMAN, Executive Director

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners

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PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
MAY 9 1990
By *GW*