

Decision No. 86781

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CORNELIUS T.	)	
CRONIN, doing business as AMBLER	)	
PARK WATER UTILITY, to sell and	)	Application No. 56809
transfer his water system to	)	(Filed October 14, 1976)
AMBLER PARK WATER UTILITY; and	)	
the latter to issue 6,650 shares	)	
of its \$10 par value capital	)	
stock.	)	

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O P I N I O N

Cornelius T. Cronin, doing business as Ambler Park Water Utility, seeks authority to sell and transfer his water system to Ambler Park Water Utility, a corporation, and the latter seeks authority to issue 6,650 shares of its \$10 par value capital stock.

Cornelius T. Cronin operates a public utility water system in a portion of Monterey County pursuant to authority granted by this Commission in Decision 76380 dated November 4, 1969 in Application 51248, and Decision 81575 dated July 3, 1973 in Application 53848. The utility's balance sheet at December 31, 1975, as summarized from the filed annual report to the Commission, is as follows:

<u>Assets</u>	
Water plant less reserve for depreciation	\$267,041
Current assets	<u>1,450</u>
Total	<u>\$268,491</u>

<u>Liabilities</u>	
Proprietary capital	\$ 66,538
Long-term debt	23,500
Current liabilities	16,733
Advances for construction	20,000
Contributions in aid of construction	<u>141,720</u>
Total	<u>\$268,491</u>

Ambler Park Water Utility is a California corporation incorporated on July 17, 1975. It proposes to issue 6,650 shares of its \$10 par value capital stock to Cornelius T. Cronin and to assume liabilities in exchange for the operating authority and related assets of the sole proprietorship. The verified application indicates that Cornelius T. Cronin would merely transfer his business to a corporation of which he would be the sole stockholder.

After consideration the Commission finds that:

1. The proposed transfer would not be adverse to the public interest.
2. The proposed stock issue is for a proper purpose.
3. The money, property or labor to be procured or paid for by the issue of stock herein authorized is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.
4. There is no known opposition and there is no reason to delay granting the relief requested.

On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary.

The action taken herein shall not be construed as a finding of the value of the rights and properties authorized to be transferred. In issuing this decision we place Ambler Park Water Utility, a corporation, and its shareholder 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 this authorization is not to be construed as a finding of the value of the company's stock or property 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 April 30, 1977, Cornelius T. Cronin may sell and transfer the water system and related assets referred to in the application to Ambler Park Water Utility, a corporation.
2. Ambler Park Water Utility, a corporation, in acquiring said water system and related assets, may assume outstanding liabilities and issue not exceeding 6,650 shares of its \$10 par value capital stock.
3. Ambler Park Water Utility, a corporation, shall file with the Commission the report required by General Order 24-B, which order, insofar as applicable, is hereby made a part of this order.

4. As a condition of this grant of authority, transferee shall assume the public utility obligations of transferor within the area served by the water system being transferred, and shall assume liability for refunds of all existing customer deposits and advances pertaining to the water system being transferred. Transferee shall send notice of the assumption of liability for refunds to all customers affected.

5. Within ten days after completion of the transfer Ambler Park Water Utility, a corporation, shall notify the Commission, in writing, of the date of completion and of the assumption of the obligations set forth in paragraph 4 of this order.

6. Ambler Park Water Utility, a corporation, shall either file a statement adopting the tariffs of transferor now on file with this Commission or refile under its own name those tariffs in accordance with the procedures prescribed by General Order 95-A. No increase in rates shall be made unless authorized by this Commission.

7. On or before the date of actual transfer, Cornelius T. Cronin shall deliver to Ambler Park Water Utility, a corporation, and the latter shall receive and preserve all records, memoranda, and papers pertaining to the construction and operation of the water system authorized to be transferred.

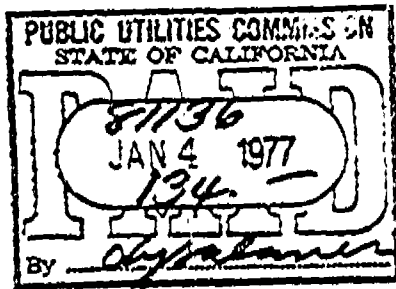
8. Upon compliance with all of the terms and conditions of this order, Cornelius T. Cronin shall be relieved of his public utility obligations as a sole proprietor in connection with the water system transferred.

9. This order shall become effective when Ambler Park Water Utility, a corporation, has paid the fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$134.

Dated at San Francisco, California, this 21<sup>st</sup> day of DECEMBER, 1976.

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President  
William S. Squire  
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Vernon J. Hengen  
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Alon

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Commissioners



Commissioner Robert Batinovich, being necessarily absent, did not participate in the disposition of this proceeding.