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Decision No. 89864 : JAN 16 1979

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of LINTON E. FORRESTER and)
ELEANOR FORRESTER doing business)
as HILLVIEW WATER COMPANY for an)
order authorizing it to sell the)
utility, and the Application of)
HILLVIEW WATER COMPANY, INC., a)
corporation, authorizing it to)
issue stock for the purchase)
thereof.)

Application No. 58489
(Filed November 27, 1978)

O P I N I O N

Linton E. Forrester and Eleanor Forrester, doing business as Hillview Water Company, seek authority to sell and transfer utility assets to Hillview Water Company, Inc., a corporation (Hillview Water), and the corporation proposes to issue 1,000 shares of no-par common stock in consideration therefor.

The Forresters operate a public utility water system in the County of Madera. As of December 31, 1977, the utility served 371 active service connections. The utility's balance sheet as of December 31, 1977 is summarized below:

<u>Assets</u>	
Net utility plant	\$301,999
Current assets	<u>1,151</u>
Total assets	<u>\$303,150</u>
<u>Equity and Liabilities</u>	
Proprietary capital	\$164,791
Long-term debt	25,800
Customers' deposits	250
Current liabilities	29,072
Contributions in aid of construction	<u>83,237</u>
Total equity and liabilities	<u>\$303,150</u>

Hillview Water Company, Inc. proposes to issue 1,000 shares of its no-par value common stock and to assume liabilities in exchange for the operating authority and related assets of the water system. The Forresters desire to enter into the transaction to secure perpetual ownership, limited liability, and other benefits which incorporation may entail. Management of the utility will continue in its same capacity after the proposed incorporation. One share of the new stock will be issued to the Forresters' son, Roger, and the remaining 999 shares will be issued to Mr. and Mrs. Forrester, the present owners.

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.

There is no known opposition and 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 Hillview Water Company, Inc., 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 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 after the effective date hereof and before June 30, 1979, Linton E. Forrester and Eleanor Forrester may sell and transfer the water system and related assets referred to in the application to Hillview Water Company, Inc.

2. Hillview Water Company, Inc. in acquiring said water system and related assets, may assume outstanding liabilities and issue not exceeding 1,000 shares of its no-par value common stock.

3. Hillview Water Company, Inc. shall file with the Commission the report required by General Order No. 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 Hillview Water Company, Inc. 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.

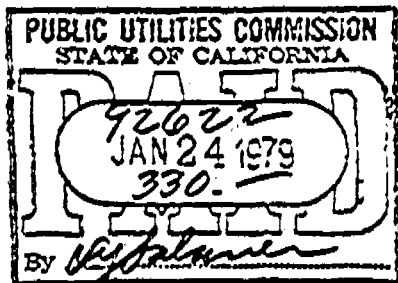
6. Hillview Water Company, Inc. shall either file a statement adopting the tariffs of transferor now on file with this Commission or refile under its own name those tariffs in accordance with the procedures prescribed by General Order 96-A. No increase in rates shall be made unless authorized by this Commission.

7. On or before the actual date of transfer, Linton E. Forrester and Eleanor Forrester shall deliver to Hillview Water Company, Inc., 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, Linton E. Forrester and Eleanor Forrester shall be relieved of their public utility obligations as partners in connection with the water system transferred.

9. The authority granted by this order to issue common stock will become effective when Hillview Water Co., Inc. has paid the fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$330. In other respects the effective date of this order shall be thirty days after the date hereof.

Dated at San Francisco, California, this 16th day of JANUARY, 1979.



Robert Bateman
President
James D. Howell
Clare L. Smith

Commissioners