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Decision No.

90781

AUG 28 1979

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Roland H. Crabtree for authority)
 to sell all the issued and outstand-)
 ing capital stock of Inter-County)
 Water Company, a public water utility,)
 and for Robert E. Douglas to buy said)
 capital stock, the water system being)
 located in the Crestmore area of San)
 Bernardino and Riverside Counties)

Application No. 58682
(Filed February 15, 1979)

O P I N I O N

In this application, Roland H. Crabtree seeks authority to sell and transfer and Robert E. Douglas to purchase all of the issued and outstanding capital stock and to acquire control of Inter-County Water Company (Inter-County). Notice of the filing of the application appeared on the Commission's Daily Calendar of February 20, 1979.

Inter-County provides water service to seventy-five customers in the Crestmore area of San Bernardino and Riverside Counties. For the calendar year 1978 the utility reported operating revenues of \$4,289 and a net loss of \$4,249.

Roland H. Crabtree and Robert E. Douglas seek authority to enter into an agreement for the sale and transfer of the capital stock of Inter-County. A copy of the agreement is attached as Exhibit 1 to the application.

Robert E. Douglas, for a consideration of \$15,000, proposes to acquire 245 shares of stock, representing all of the issued and outstanding capital stock of the company which at December 31, 1978

had a negative book value of \$649. The initial payment is \$3,000 upon the transfer of the stock. The balance of \$12,000 would be payable in three annual installments of \$4,000, with 9% simple interest on the unpaid balance added to each payment.

Robert E. Douglas would be paying \$13,113 more than the original cost of the water plant in service, net of depreciation, advances and contributions. He understands that rates charged for water service are based upon the depreciated original cost of the plant, excluding advances for construction and contributed plant, not on the purchase price of the company's capital stock.

Roland H. Crabtree has physical problems which may require him to retire from active business activities. His field operator has suffered a severe heart attack and his doctor has indicated he will be unable to work.

A recent financial statement of the buyer, Robert E. Douglas, is attached to the application as Exhibit 2. This exhibit indicates that Mr. Douglas and his spouse have a net worth of approximately \$145,000.

The staff of the Revenue Requirements Division has reviewed the application and has no objection to the proposed transfer of control.

Findings of Fact

1. Inter-County is a public utility operating under the jurisdiction of this Commission.
2. Robert E. Douglas requests authority to acquire control of Inter-County through purchase of all of the issued and outstanding shares of stock from Roland H. Crabtree.
3. The control of Inter-County by Robert E. Douglas through acquisition of all of the issued and outstanding capital stock of the corporation would not be adverse to the public interest.
4. There is no known opposition and no reason to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.
2. The application should be granted to the extent set forth in the order which follows.

The authorization granted herein is for the purpose of this proceeding only and is not to be construed as a finding of the value of the assets or capital stock of Inter-County.

O R D E R

IT IS ORDERED that:

1. Robert E. Douglas may acquire all of the issued and outstanding capital stock of Inter-County Water Co. from Roland H. Crabtree.
2. Robert E. Douglas may control Inter-County Water Co.
3. Within ninety days after the date hereof, Robert E. Douglas and Inter-County Water Co. shall issue reports informing the Commission when the control authorized has been completed.
4. The effective date of this order shall be thirty days from the date hereof.

Dated at San Francisco, California, this 28th day of AUGUST, 1979.

John E. Byrne
President
Charles W. Howell
Edward W. Newell
Commissioners

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.