

RR/lq

Decision No. 92580 JAN 6 1981

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint Application) of Lloyd A. Frederick, Sr. and Robert C. Burlingame, for an order authorizing Lloyd A. Frederick, Sr. to sell and Robert C. Burlingame to purchase all of the issued and outstanding shares of Lytle Springs Water Company, a California corporation.

Application No. 59838  
(Filed July 28, 1980)

O P I N I O N

Lloyd A. Frederick (Seller), the owner of all 250 issued and outstanding shares of common stock of Lytle Springs Water Company (Lytle Springs), requests authority to sell and transfer and Robert C. Burlingame (Purchaser) requests authority to purchase and acquire all the stock of Lytle Springs. This transfer of control is requested pursuant to Section 854 of the Public Utilities Code. Notice of the filing of this application appeared on the Commission's Daily Calendar of July 31, 1980. No protests have been received.

Lytle Springs is a water utility serving 91 connections in the unincorporated community and adjacent area of Lytle Creek, in San Bernardino County.

The annual report to the Commission indicates, for the year ended December 31, 1979, the utility generated total operating revenues of \$4,913, and incurred a net loss of \$9,988. The Balance Sheet at December 31, 1979, is summarized as follows:

| <u>Assets</u>                        | <u>Amount</u>   |
|--------------------------------------|-----------------|
| Net Utility Plant                    | \$15,378        |
| Cash                                 | 245             |
| Prepaid Insurance and Taxes          | 312             |
| Total                                | <u>\$15,935</u> |
| <u>Liabilities and Capital</u>       |                 |
| Common Equity                        | \$15,623        |
| Current Liabilities                  | 43              |
| Contributions in Aid of Construction | 269             |
| Total                                | <u>\$15,935</u> |

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Seller is 77 years old and desires to retire from active operation of Lytle Springs.

Purchaser has agreed to pay \$130,000 to Seller in consideration for the acquisition of the 250 shares of stock of Lytle Springs that at December 31, 1979 had a book value of \$15,623. Evidence of Purchaser's financial ability is set forth in Exhibit B, attached to the application. His net worth as of March 1, 1980 is reported to be in excess of \$3,000,000.

By letter to the Commission dated October 10, 1980, Purchaser understands that rates for water service which Lytle Springs will be permitted to charge its customers will be based on the historical cost of its facilities and not upon the consideration which he will pay in connection with the acquisition of the shares of common stock. Also, Purchaser has become familiar with the operations of the water system and will consult with the previous operator as is necessary to the continued efficient management of Lytle Springs.

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

#### Findings of Fact

1. Lytle Springs is a California corporation and a water utility subject to the jurisdiction of this Commission.
2. The Seller desires to retire from active operations.
3. The proposed Purchaser has established his financial ability and has demonstrated that he can operate the water system in a continued and efficient manner.
4. The proposed transaction would not be adverse to the public interest.
5. 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.

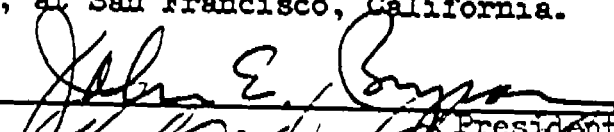


In issuing this decision we place Lytle Springs and its shareholders on notice that we do not regard the number of shares outstanding nor the purchase price of the shares as measuring the return it should be allowed to earn on its investment in plant, and that this authorization is not to be construed 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

1. Robert C. Burlingame may acquire all of the issued and outstanding capital stock of Lytle Springs Water Company from Lloyd A. Frederick, Sr.
2. Robert C. Burlingame may control Lytle Springs Water Company.
3. Within sixty days after the actual transfer of control, Robert C. Burlingame and Lytle Springs Water Company shall issue reports informing the Commission of the date upon which the transfer of control has been completed.

The effective date of this order shall be thirty days from the date hereof.

Dated JAN 6 1981, at San Francisco, California.

  
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President  
  
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Commissioners