

**ORIGINAL**

Decision No. 41862

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of

SOUTHERN CALIFORNIA WATER COMPANY  
and CLARA STREET WATER COMPANY

for an order (a) authorizing Southern California Water Company to acquire all of the outstanding stock of Clara Street Water Company, (b) authorizing Southern California Water Company, in the event that it shall acquire all of the outstanding stock of Clara Street Water Company, to acquire all of the property and assets of Clara Street Water Company and to assume all obligations and liabilities of that company, and (c) authorizing Clara Street Water Company, in the event that all of its outstanding stock shall be acquired by Southern California Water Company, to convey and transfer all of its properties and assets to Southern California Water Company.  
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Application  
No. 28952  
(First Supplemental)

FIRST SUPPLEMENTAL OPINION AND ORDER

The Public Utilities Commission by Decision No. 41764, dated June 22, 1948, among other things, authorized Southern California Water Company to acquire all the outstanding stock of Clara Street Water Company, under the terms and conditions of an agreement dated September 5, 1947, between Southern California Water Company and the owners of all the outstanding stock of Clara Street Water Company, and authorized Clara Street Water Company to convey and transfer its properties and assets, through its dissolution, to Southern California Water Company.

Under the terms of the aforesaid agreement, the owners of the stock of Clara Street Water Company agreed to sell such stock to Southern California Water Company for the sum of \$150,000, subject to adjustments for additions to and retirements of property and for changes in the current position of Clara Street Water Company between December 31, 1946, and the date of consummation of the purchase of the stock.

In a supplemental application filed with the Commission on July 12, 1948, it is reported that under the terms of said agreement the total purchase price, as thus adjusted, to be paid by Southern California Water Company would be approximately \$35,000 in excess of the estimated historical cost, less depreciation, of the properties,<sup>(1)</sup> which excess, under the terms of the order in said Decision No. 41764, would be chargeable to the company's capital surplus account.<sup>(2)</sup> The supplemental application shows that the parties to the agreement of September 5, 1947, in order to reduce the charge to capital surplus, have agreed to amend its terms so as to provide that the basic purchase price of \$150,000 will be adjusted only for the unpaid tax liability, if any, of Clara Street Water Company. The effect of this amendment, it is claimed, would reduce the amount to be charged to Southern California Water Company's capital surplus

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(1)

Decision No. 41764 shows that the Commission's staff estimated the historical cost of the properties of Clara Street Water Company, as of December 31, 1946, at \$144,889 and the accrued depreciation at \$29,481, leaving a balance of \$115,408.

(2)

The company's capital surplus as of May 31, 1948, is reported at \$162,018.75.

account, upon acquisition of the properties, by approximately \$20,000.

The proposed amendment, dated July 2, 1948, to the original agreement, has been filed as Exhibit "A" to the First Supplemental Application.

Applicants accordingly have requested the Commission to enter a supplemental order so as to permit Southern California Water Company to acquire all the outstanding stock of Clara Street Water Company under the terms and conditions of the original agreement as thus amended. The Commission has considered this request and is of the opinion that a further hearing is not necessary in this proceeding, and that the supplemental application should be granted; therefore,

IT IS HEREBY ORDERED that paragraph "1" of the Order in Decision No. 41764, dated June 22, 1948, be, and it hereby is, modified so as to permit Southern California Water Company to acquire all the outstanding stock of Clara Street Water Company under the terms and conditions set forth in the agreement dated September 5, 1947, as amended by the agreement dated July 2, 1948, referred to herein.

IT IS HEREBY FURTHER ORDERED that the Order in Decision No. 41764, dated June 22, 1948, shall remain in full force and effect, except as modified herein.

Dated at San Francisco, California, this 27<sup>th</sup> day  
of July, 1948.

R. T. Montgomery  
Justin F. Casper  
Irving L. Luce  
Harold P. Hula

Commissioners