

ORIGINAL

Decision No. 43031

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CALIFORNIA WATER SERVICE COMPANY,)
a corporation,)
for an order authorizing it to) Application
purchase all the outstanding stock) No. 33889
of Suburban Water Company, a pub-)
lic utility water company.)
----- :

O P I N I O N

This is an application for an order of the Commission authorizing California Water Service Company to purchase all the outstanding shares of stock of Suburban Water Company.

Suburban Water Company is a corporation engaged in the business of distributing water in certain unincorporated areas in Santa Clara County. Its annual reports to the Commission for the last five calendar years show its fixed capital in service at the close of the year, including construction work in progress, its service connections and its operating revenues and net income for each of the years, as follows:

	<u>Fixed Capital Dec. 31</u>	<u>Service Connections Dec. 31</u>	<u>Operating Revenues For Year</u>	<u>Net Income For Year</u>
1947	\$ 575,275	1,834	\$108,456	\$32,922
1948	759,057	2,356	135,228	35,883
1949	903,800	3,095	177,576	52,203
1950	1,083,038	4,113	237,398	68,902
1951	1,201,905	5,231	289,838	60,594

For the first nine months of 1952 the company reports operating revenues of \$256,634 and net income of \$58,829.

As Exhibit C there has been filed in this proceeding a financial statement of Suburban Water Company showing its assets and liabilities as of September 30, 1952, as follows:

Assets

Plant, property and equipment		\$1,402,325.64
Nonoperating property (net of depreciation)		1,499.71
Current assets -		
Cash in banks and on hand	\$137,876.37	
Accounts receivable (less reserve of \$696.46)	48,365.62	
Materials and supplies	46,832.94	
Prepaid taxes and insurance	<u>2,457.94</u>	
Total current assets		<u>235,532.87</u>
	Total	<u>\$1,639,358.22</u>

Liabilities

Capital stock--4,000 shares of common (no par)		\$ 107,687.23
Surplus -		
Earned Capital	\$378,010.01	
	<u>50,000.00</u>	428,010.01
Notes payable--long-term		526,000.00
Contributions in aid of construction		49,989.85
Consumers' line extension deposits		264,188.45
Reserve for depreciation		121,293.48
Current liabilities -		
Notes payable due April 1, 1952	14,500.00	
Accounts payable	33,314.72	
General taxes accrued	2,109.45	
Federal income taxes accrued	88,120.01	
Miscellaneous accrued liabilities	710.02	
Consumers' meter deposits	<u>3,435.00</u>	
Total current liabilities		<u>142,169.20</u>
	Total	<u>\$1,639,358.22</u>

It appears that all the outstanding shares of stock of Suburban Water Company are held by Henry Cartan, that he is desirous of disposing of his holdings, and that he has entered into an agreement dated November 12, 1952, to sell said shares to California Water Service Company. Under the terms of the agreement the purchase price will be a sum equivalent to the stated value of the capital stock and the earned surplus of Suburban Water Company, as

reflected by its balance sheet of November 30, 1952, now in process of preparation, plus an allowance of \$32,000 representing capital surplus.

California Water Service Company operates in Los Altos in a service area adjacent to that of Suburban Water Company. From information before the Commission it clearly appears that it is in a position to finance, maintain and operate the properties of Suburban Water Company and it therefore appears to the Commission that the proposed purchase of shares of stock will not be adverse to the public interest.

An order will be entered granting the application.

O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing is not necessary and that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. California Water Service Company, on and after the date hereof and on or before March 31, 1953, may purchase all the outstanding shares of stock of Suburban Water Company, in accordance with the terms and provisions of the purchase agreement dated November 12, 1952, with Henry Cartan, filed in this proceeding as Exhibit A.

2. The action taken herein shall not be construed to be a finding of the cost or value of the stock or properties of Suburban Water Company.

3. California Water Service Company shall file with the Commission a statement showing the action taken by it under the authority herein granted.

4. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this 9th day of December, 1952.

A. J. [Signature]
President

Justice F. [Signature]
Harold [Signature]

Kenneth [Signature]

John E. [Signature]
Commissioners