

ORIGINAL

Decision No. 51337

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
	:	
CRESTMORE VILLAGE WATER COMPANY, a)	
corporation, under Section 852 of	:	Application
the Public Utilities Code, for auth-)	No. 36713
ority to acquire stock of another	:	
public utility.)	

-----)	
In the Matter of the Application of	:	
)	
CRESTMORE VILLAGE WATER COMPANY, a	:	
corporation, and B. V. WATER COMPANY,)	
a corporation, under Section 851 of	:	Application
the Public Utilities Code for authority)	No. 36737
to transfer certain of the operating	:	
assets of B. V. Water Company to Crest-)	
more Village Water Company.	:	
-----)	

Moss, Lyon & Dunn, by Charles E. Smith, for
 Crestmore Village Water Company;
J. William Jensen, for B. V. Water Company;
Reginald Knaggs and Theo Stein, for the staff
 of the Commission.

O P I N I O N

In Application No. 36713, filed on February 8, 1955, Crestmore Village Water Company, a corporation, seeks authorization to acquire 1,000 shares (\$10,000 par value) of the 3% cumulative preferred Class C stock of Pacific Water Co.

In Application No. 36737, filed on February 14, 1955, B. V. Water Company, a corporation, seeks authorization to transfer its public utility water systems to Crestmore Village Water Company.

A public hearing was held before Examiner Coleman in Los Angeles on March 21, 1955, at which time the matters were consolidated for hearing and decision and were taken under submission, no

protests having been received. In this decision Crestmore Village Water Company will be referred to as Crestmore, Pacific Water Co. as Pacific, and B. V. Water Company as B. V.

Crestmore is a California corporation organized on October 25, 1948, with an authorized capital stock of \$25,000, divided into 25,000 shares of the par value of \$1 each. It is engaged in the operation of a public utility water system supplying approximately 200 consumers located in and about the community of Bloomington, in San Bernardino County, and for the year 1954 it has reported operating revenues of \$5,479 and net profit of \$1,848, after provision for federal income taxes. It has set forth its net investment in utility plant at \$25,739, as of December 31, 1954, an amount which has been provided, almost in its entirety, by equity funds consisting of \$500 par value of stock and \$22,357 of surplus. All the outstanding stock is reported held by J. L. Lyon.

The application shows that J. L. Lyon and George C. Lyon own all the outstanding common stock (\$370,000 par value) and certain of the preferred shares, Class C, of Pacific, a corporation engaged in owning and operating public utility water systems in the counties of Kern, San Bernardino, Orange and Los Angeles and that said J. L. Lyon and George C. Lyon have agreed to sell to Crestmore 1,000 of their shares of preferred stock, of the total par value of \$10,000, for the total sum of \$3,333.33 in order to enable Crestmore to extend its holdings and operations through the purchase of the water systems of B. V. located in the Palmdale area of Antelope Valley, in Los Angeles County.

B. V., also a California corporation, was organized on January 13, 1948, and is engaged in operating two public utility

water systems, one serving approximately 12 active service connections in Tract 8597 in Los Angeles County, and the other serving approximately 60 active service connections in Tract 15497, also in Los Angeles County, the two tracts being approximately eight miles apart. The water systems were constructed in 1951, the one serving Tract 8597, known as East Palmdale Ranchos, obtaining its supply of water from a well producing approximately 130 gallons per minute, and the other serving Tract 15497, known as Palmdale Poultry Ranchos, obtaining its supply from a well pumping approximately 450 gallons per minute. The combined costs of the two systems and the related depreciation reserves are reported as follows:

Landed capital	\$ 650.00
Buildings	914.02
Wells	9,813.55
Pumping equipment	8,082.70
Distribution mains	24,040.89
Distribution reservoirs and tanks	6,210.72
Services	2,336.32
Meters	1,901.51
General equipment	175.00
Office equipment	<u>459.15</u>
Total	54,583.86
Reserve for depreciation	<u>6,511.48</u>
Balance	<u>\$48,072.38</u>

The agreement of sale calls for the delivery by Crestmore to B. V. of the \$10,000 par value of stock of Pacific which it intends to acquire from J. L. Lyon and George C. Lyon, and \$400 in cash and the assumption by Crestmore of \$3,640 of consumers' advances for construction and a \$5,000, 6% note and deed of trust payable December 5, 1956.

The business of B. V. formerly included the operation of a water system serving an area known as Quartz Hill, in Los

Angeles County. In Application No. 36541 filed with the Commission on December 8, 1954, B. V. reported that its Quartz Hill system was of inadequate size and that rather than rebuild it, it had made arrangements to dispose of the same to Quartz Hill County Water District for the base sum of \$82,500. Having completed this transaction, those in control of B. V. desire to dispose of their remaining holdings and to retire from the water business.

In 1954, according to information produced at the hearing, the revenues from the operations of the two B. V. systems amounted to \$2,763.21 and the net loss to \$1,732.80. The record shows, however, that residential development is occurring in the service area and that those in control of Crestmore, upon the basis of their survey, have concluded operations can be conducted in the future at a profit not only as a result of increased volume of sales but also because of savings in operating costs. The president of Crestmore testified that in the event of emergency repairs the maintenance crews of Pacific would be available to perform the required work on an actual cost basis.

Crestmore, upon acquiring the B. V. systems, intends to operate them under the rate schedules now in effect in the two areas and under the prevailing rules and regulations except that it desires to add the following special conditions to the rate schedules:

In the event meters are not available when customers apply for service, the proper size connection will be made and the customer charged the minimum meter rate per month for the size meter required.

Billing will be rendered monthly or bi-monthly at the option of the utility.

The above special conditions to the presently effective rate schedules of B. V. will be authorized by the order which follows, although it is expected that Crestmore will obtain and install meters within a reasonable length of time in situations where the minimum meter charge is to be applied.

From a review of the record it clearly appears that the purchaser is in a position to take over the systems here under review and to continue with the service. It is our opinion, therefore, and we so find, that the proposed transfer will not be adverse to the public interest.

The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

O R D E R

A public hearing having been held on the above entitled matters and the Commission having considered the evidence and being of the opinion that the applications should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. Crestmore Village Water Company, a corporation, may acquire \$10,000 par value of the 3% cumulative preferred Class C stock of Pacific Water Co. and thereafter may transfer such stock to B. V. Water Company.

2. B. V. Water Company may sell its public utility water systems to Crestmore Village Water Company in accordance with

the terms and conditions of the agreement of sale set forth in Application No. 36737. Crestmore Village Water Company may assume the payment of the outstanding indebtedness in accordance with said agreement.

3. On or before the date of actual transfer, B. V. Water Company shall refund all deposits which customers are entitled to have refunded. Any unrefunded deposits shall be transferred to and become the obligation for refund of Crestmore Village Water Company.

4. Crestmore Village Water Company, within 30 days after the date of actual transfer, shall revise its presently filed tariff schedules for its Bloomington tariff area, in accordance with the procedure prescribed by General Order No. 96, so as to provide for the application of said tariff schedules for water service in the Palmdale tariff area authorized to be transferred by this order. Schedules Nos. 3 and 4 attached hereto as Appendix A and tariff service area maps of the Palmdale systems shall be incorporated in said filing. Such filing shall become effective on five days' notice to the Commission and to the public.

5. On or before the date of actual transfer, B. V. Water Company shall transfer and deliver to Crestmore Village Water Company and the latter shall receive and preserve such records, memoranda and papers as are available pertaining to the construction and operation of the properties of B. V. Water Company authorized to be transferred by this order.

6. If the authority herein granted is exercised, B. V. Water Company, within 30 days thereafter, shall notify the Commission in writing of the date of the completion of the transfer herein authorized and of its compliance with the conditions hereof.

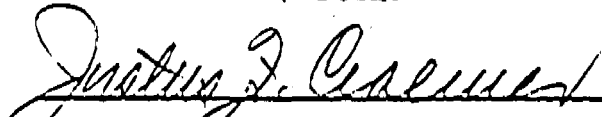
7. Upon due compliance with all the conditions of this order, said B. V. Water Company shall stand relieved of all further public utility obligations and liabilities in connection with the operation of the public utility water system herein authorized to be transferred.

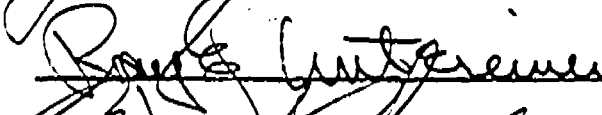
8. The authority herein granted will become effective 20 days after the date hereof.


Dated at San Francisco, California, this 19th day of April, 1955.



President







Commissioners

APPENDIX A

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Schedule No. 3

Palmdale Tariff Area

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The unincorporated areas known as Palmdale Poultry Ranchos (Tract No. 15497) and East Palmdale Ranchos (Tract No. 8597) in the vicinity of Palmdale, Los Angeles County.

RATES

Quantity Rates:		Per Meter Per Month
First	800 cubic feet or less.	\$2.00
Next	1,200 cubic feet, per 100 cubic feet	.20
Over	2,000 cubic feet, per 100 cubic feet	.15
Minimum Charge:		
For	5/8 x 3/4-inch meter	\$2.00
For	3/4-inch meter	3.00
For	1-inch meter	4.00
For	1-1/2-inch meter	7.50
For	2-inch meter	12.00

The Minimum Charge will entitle the customer to the quantity of water which that minimum charge will purchase at the Quantity Rates.

SPECIAL CONDITIONS

1. In the event meters are not available when customers apply for service, the proper size connection will be made and the customer charged the minimum meter rate per month for the size meter required.

2. Billing will be rendered monthly or bi-monthly at the option of the utility.

APPENDIX A

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Schedule No. 4

Palmdale Tariff Area

RESIDENTIAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all water service rendered to residential customers on a flat rate basis.

TERRITORY

The unincorporated areas known as Palmdale Poultry Ranchos (Tract No. 15497) and East Palmdale Ranchos (Tract No. 8597), in the vicinity of Palmdale, Los Angeles County.

RATES

	<u>Per Month</u>
For each residence, including one lot of 8,000 square feet, or less, per service . . .	\$2.50
For each additional 100 square feet of lot irrigated02

SPECIAL CONDITION

Meters may be installed at option of utility or customer for the above classification in which event service thereafter will be rendered only on the basis of Schedule No. 3, General Metered Service.