

Decision No. 56225

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of LA MIRADA WATER CO., a corporation, to purchase from WILBERT CORPORATION, INC. and SUSAN ESTELLE KNOTT TRUST, the issued and outstanding capital stock of RANCHO RAMON WATER CO., a corporation; and for approval of issuance of obligations due after more than one year from date of issuance.

Application No. 39589

John Moore Robinson, for applicants;
Donald E. La Fon, for Southwest
Water Co., interested party.

O P I N I O N

In this application, La Mirada Water Co., a corporation, seeks authorization to acquire the outstanding capital stock of Rancho Ramon Water Co., a corporation, and to issue its promissory notes.

The application was filed on November 27, 1957. A public hearing was held before Examiner Coleman in Los Angeles on January 16, 1958, at which time the matter was taken under submission. The Commission has received no protests in the proceeding.

La Mirada Water Co. owns and operates a public utility water system in Orange County and Rancho Ramon Water Co., a public utility water system near Palm Springs. The corporations are controlled by the same interests. La Mirada Water Co. now furnishes billing, accounting, purchasing and management services for Rancho Ramon Water Co. and at times provides it with financial assistance.

For tax reasons those in control of both corporations now desire to transfer the ownership of the shares of stock of Rancho Ramon Water Co. to La Mirada Water Co. at a total price of \$77,800, which is said to represent the price paid by the present shareholders for their stock. The purchase price will be represented by three notes: one in the amount of \$5,000 payable on or before one year from its date without interest; the second in the amount of \$56,800 payable in annual installments over a period of not to exceed 20 years in amounts equal to 22 per cent of the estimated annual revenue from each bona fide customer connected directly to the existing water system owned by Rancho Ramon Water Co., known as Homeway Units #1 and #2; and the third in the principal amount of \$16,000 payable in annual installments equal to 22 per cent of the estimated annual revenue from each bona fide customer connected directly to the existing water system owned by Rancho Ramon Water Co. in Section 16, Township 4 South, Range 5 East, S.B.B. & M. The testimony shows that presently there are 13 consumers attached to the lines serving the Homeway Units and 30 consumers attached to the lines serving the other system to which reference has been made.

. From a review of the application it appears that the proposed transaction will not be adverse to the public interest, that the issue of the \$5,000 note need not be authorized by the Commission for the reason that it is payable on or before one year after its date, that the money, property or labor to be procured or paid for through the issue of the remaining two notes is reasonably required for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of the evidence before us, we will enter our order granting the application.

This application does not involve the transfer of the properties of Rancho Ramon Water Co. The authorization herein granted is not to be construed as an authorization to transfer properties nor as a finding of the value of such properties, nor as indicative of amounts to be included in a future rate base for the determination of just and reasonable rates.

O R D E R

A public hearing having been held in the above proceeding and the Commission having considered the matter and being of the opinion that the application should be granted; therefore,

IT IS HEREBY ORDERED as follows:

1. La Mirada Water Co. may acquire and hold the presently outstanding shares of stock of Rancho Ramon Water Co.
2. La Mirada Water Co., in part payment for such shares of stock, hereby is authorized to issue two notes, one in the principal amount of \$56,800, and the other in the principal amount of \$16,000, said notes to be in the same form as those filed as Exhibit B and Exhibit C, and to be issued for the purposes set forth in this application.
3. La Mirada Water Co. shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable is made a part of this order.

4. The authorization herein granted will become effective when La Mirada Water Co. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$73.

10th Dated at Los Angeles, California, this day of FEBRUARY, 1958.

[Signature] President
[Signature]
[Signature]
[Signature]
[Signature] Commissioners

