

ORIGINAL

Decision No. 57260

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Highlanders Water Company, a corporation, and Sycamore Canyon Water Company, a corporation, for an Order: (a) authorizing Sycamore Canyon Water Company to sell and Highlanders Water Company to purchase the properties of Sycamore Canyon Water Company; (b) authorizing Sycamore Canyon Water Company to withdraw from the public utility water business; (c) authorizing Highlanders Water Company to issue stock; (d) authorizing the transfer to the Highlanders Water Company of Sycamore Canyon Water Company's Certificate of Public Convenience and Necessity.

Application No. 40247

Best, Best & Krieger, by Richard Edsall,
for applicant; R. F. Cummings, for
California Electric Power Company,
interested party.

OPINION AND ORDER

In this application Highlanders Water Company seeks authorization to issue \$58,700 par value of common stock in payment for properties, subject to outstanding liabilities, of Sycamore Canyon Water Company. The reported book values of the properties to be purchased, and the amount of liabilities, as of December 31, 1957, are shown as follows:

Utility plant -	
Original cost less depreciation reserve	\$67,112.04
Materials and supplies	<u>1,297.00</u>
Subtotal	68,409.04
Less - Consumers' advances for construction	<u>9,698.00</u>
Total	<u>\$58,711.04</u>

Sycamore Canyon Water Company joins in the application and seeks authorization to sell and transfer its properties to Highlanders Water Company.

The application was filed on July 10, 1958. A public hearing was held before Examiner Coleman in Los Angeles on August 8, 1958, at which time the matter was taken under submission. The Commission has received no protests in the proceeding.

Applicants are California corporations engaged in the public utility water business in unincorporated areas near the City of Riverside, Sycamore Canyon Water Company reporting about 40 active service connections and Highlanders Water Company about 740. The two corporations are controlled by Sun Gold, Inc., by virtue of ownership of all their outstanding shares of stock. Their service areas adjoin each other and their facilities are interconnected. Their operations are conducted by the same management and personnel. Because of this close association, applicants have concluded to consolidate the two properties and operations under one ownership. Highlanders Water Company will adopt in the Sycamore area the rates of Sycamore Canyon Water Company which now are in effect.

The Commission has considered this matter and is of the opinion, and so finds, that the proposed transfer will not be adverse to the public interest, that the money, property or labor to be

procured or paid for by the issue of the stock herein authorized is reasonably required for the purpose specified herein and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Sycamore Canyon Water Company, on and after the effective date hereof and on or before December 31, 1958, may transfer to Highlanders Water Company all of its public utility properties, including the certificate of public convenience and necessity which was granted by Decision No. 52661, dated February 21, 1956.
2. Highlanders Water Company, in payment for the properties herein authorized to be transferred to it, shall assume the payment of outstanding indebtedness and may issue \$58,700 par value of its common stock.
3. The rates, rules and regulations of Sycamore Canyon Water Company now on file with the Commission shall be refiled within 30 days after the date of transfer under the name of Highlanders Water Company, in accordance with the procedure prescribed by General Order No. 96, or in lieu of said refiling, Highlanders Water Company may file a notice of adoption of said presently filed rates, rules and regulations. No increase in the present rates shall be made unless authorized by the Commission.

4. On or before the date of actual transfer, Sycamore Canyon Water Company shall refund all customers' deposits and advances for construction which are subject to refund. Any such unrefunded deposits and advances shall be transferred to and shall become the obligation for refund of Highlanders Water Company.

5. On or before the date of actual transfer, Sycamore Canyon Water Company shall transfer and deliver to Highlanders Water Company, and the latter shall receive and preserve all records, memoranda and papers pertaining to the construction and operation of the public utility water system herein authorized to be transferred.

6. If the authority herein granted is exercised, Sycamore Canyon Water Company within 30 days thereafter shall notify the Commission in writing of the date of completion of the transfer.

7. Upon compliance with the terms of this order, Sycamore Canyon Water Company shall stand relieved of all future public utility obligations in connection with the operation of the water system herein authorized to be transferred.

8. The approval herein indicated is for the issue of securities only and is not to be construed as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

9. Highlanders Water Company 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.

10. The authorization herein granted will become effective on the date hereof.

Dated at San Francisco, California, this 26th day of August, 1958.

Louis Fox
President
Ed Mitchell
William Paul
Theodore Jensen
Commissioners

Commissioner Ray E. Untereiner, being necessarily absent, did not participate in the disposition of this proceeding.