

**ORIGINAL**

Decision No. 61151

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of FRUITRIDGE VISTA WATER COMPANY, a corporation, and NORTHGATE WATER COMPANY, INC., a corporation for authority for the Fruitridge Vista Water Company to sell certain water company plant to the Northgate Water Company, Inc., and for the issuance of certain shares of the common and preferred stock and debentures of the Northgate Water Company, Inc.

Application No. 42614  
Filed August 29, 1960  
and  
Amendment  
Filed November 2, 1960

O P I N I O N

In this proceeding the Commission is asked to enter its order authorizing Fruitridge Vista Water Company, a corporation, to sell and transfer a public utility water system to Northgate Water Company, Inc., and authorizing Northgate Water Company, Inc., to issue debentures and shares of preferred and common stock.

Fruitridge Vista Water Company is engaged in operating two water systems, one serving certain areas adjacent to the southerly city limits of the City of Sacramento known as Fruitridge Vista Units Nos. 1 to 6, inclusive, and Sandra Heights and certain contiguous territories, and the other serving an area known as Northgate lying north of Garden Highway and west of Lower Marysville Road in the County of Sacramento. The Northgate system is about six miles removed from the Fruitridge system.

It appears that those in control of Fruitridge Vista Water Company now desire to divide the water business between two operating corporations and to that end have organized Northgate Water Company, Inc., to take over the Northgate system and to continue the operations as a public utility. The properties to be transferred to Northgate Water Company, Inc., include a certificate of public convenience and necessity granted by the Commission by Decision No. 56527, dated April 15, 1958, in Application No. 39559, and tangible properties including five pumps, five storage tanks, real properties on which are situated well sites, fire hydrants, and distribution lines serving approximately 800 connections. The total original cost of the properties is reported at \$172,555.25 and the book value, after deducting the depreciation reserves, at \$163,127.64, as of May 31, 1960.

The new corporation, in acquiring the facilities and in making provision for working capital, desires and seeks authorization to issue securities in amounts and for purposes as follows:

Purchase of system -		
Net book value	\$163,127.64	
Working capital	2,500.00	
Total	<u>165,627.64</u>	
Less - Advances for construction	<u>47,875.32</u>	
Balance		<u>\$117,752.32</u>
Securities -		
4% Twenty-year debentures	\$ 32,752.32	
6% Preferred stock	35,000.00	
Common stock	<u>50,000.00</u>	
Total securities		<u>\$117,752.32</u>

Upon conclusion of the transaction, the common shares will be held by the shareholders of Fruitridge Vista Water Company, while the preferred shares and the debentures will be issued to Fruitridge Vista Water Company, the corporation.

From a review of the application, it appears that the proposed transfer will not result in increases in rate base or operating expenses and we find and conclude, therefore, that the proposed transaction 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 securities herein authorized 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.

The authorization herein granted is for the transfer of properties and for the issue of securities 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.

O R D E R

The Commission having considered the above-entitled application and amendment and being of the opinion that a public hearing is not necessary and that applicants' requests should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. Fruitridge Vista Water Company, a corporation, on or after the effective date hereof and on or before April 30, 1961, may transfer to Northgate Water Company, Inc., the certificate of public convenience and necessity granted by Decision No. 56527, dated April 15, 1958, and the public utility water system as described and under the terms and conditions set forth in this application and amendment.

2. Northgate Water Company, Inc., a corporation, on or after the effective date hereof and on or before April 30, 1961, may issue not to exceed \$32,752.32 of its 4% twenty-year debentures, 350 shares of its 6% preferred stock and 500 shares of its common stock in the manner and for the purposes set forth in this proceeding.

3. Fruitridge Vista Water Company, a corporation, may acquire and hold the shares of preferred stock which Northgate Water Company, Inc., is herein authorized to issue.

4. If it transfers the properties herein referred to Fruitridge Vista Water Company, within 30 days thereafter, shall revise its tariff sheets, including its tariff service area map, to provide for the deletion of the area being transferred herein.

5. Northgate Water Company, Inc., upon transfer of the properties hereinbefore described, is authorized to apply the presently filed tariffs of Fruitridge Vista Water Company which apply to the area transferred herein.

6. If it acquires the properties herein referred to Northgate Water Company, Inc., within 30 days thereafter, shall file under its own name the rates and tariff service area map now applicable to that portion of Fruitridge Vista Water Company being transferred herein, together with an up-to-date set of rules acceptable to this Commission, all in accordance with the procedures prescribed by General Order No. 96. No increases in the presently filed rates and charges shall be made unless otherwise authorized by this Commission.

7. On or before the date of actual transfer, Fruitridge Vista Water Company shall refund all customers' deposits and advances for construction, if any, relating to the properties to be transferred, which are subject to refund as of the date of transfer. Any unrefunded deposits and advances shall be transferred to and become the obligation for refund of Northgate Water Company, Inc.

8. If the authority herein granted is exercised, Fruitridge Vista Water Company, within 30 days thereafter, shall notify this Commission in writing of the date of such completion of the property transfer herein authorized and of its compliance with the conditions hereof.

9. Upon due compliance with all conditions of this order, Fruitridge Vista Water Company shall stand relieved of all further public utility obligations in connection with the operation of the public utility water system herein authorized to be transferred.

10. Northgate Water Company, Inc., a corporation, 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.

11. The authority herein granted will become effective when Northgate Water Company, Inc., has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$33.

Dated at San Francisco, California,  
this 17<sup>th</sup> day of NOVEMBER, 1960.

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

