

ORIGINAL

62709

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of FRED F. MATIAS, Owner,
 to Sell Property Consisting of the
 Arroyo Seco Water Company, Not
 Incorporated, Monterey County,
 California, and Application of
 ARROYO CENTER WATER COMPANY, INC.,
 Monterey, Monterey County,
 California, to Purchase said
 Arroyo Seco Water Company, Not
 Incorporated, and Application of
 ARROYO CENTER WATER COMPANY, INC.,
 for an order authorizing the
 issuance of 1000 shares of stock.

Application No. 43699
Filed August 24, 1961

O P I N I O N

This is an application for an order of the Commission authorizing Fred F. Matias to transfer the Arroyo Seco Water Company to Arroyo Center Water Company, Inc., and authorizing Arroyo Center Water Company, Inc., to issue 1,000 shares of common stock without par value.

The application shows that Fred F. Matias, doing business as Arroyo Seco Water Company, is, and for many years has been, engaged in operating a public utility water system serving some 50 customers in an unincorporated area known as Fred's Camp, located along the Arroyo Seco River in the Santa Lucia Mountains, southwest of Soledad, Monterey County; that he has made arrangements to sell his water works facilities to Arroyo Center Water Company, Inc., for the sum of \$9,000 in

cash; and that the corporation proposes to issue and sell 1,000 shares of its no par common stock at \$10 a share to Carl Daniels and Della L. Daniels, William F. House and Edith E. House, and Santo Ballesteri and Roberta Ballesteri, to finance the purchase price and to provide working capital. The corporation proposes to adopt a stated value of \$5 a share for its no par shares with an additional \$5 a share being credited to the paid-in surplus account.

Applicants assert that the book value of the properties comprising the water system is not known; that certain items of labor, material and supplies and overhead have not been placed on the books of the utility; and that, accordingly, a request will be made to the Commission at a later date to determine the amounts to be recorded in the accounts. At this time, our investigation indicates that those in control of the new corporation are financially responsible and should be in a position to continue the public service obligations of the present owner.

We have considered this matter and find and conclude 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 shares of stock 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. An order will be entered granting the application.

The authorization herein granted is for the purpose of this proceeding only and is not to be construed to be a finding of the value of the property herein authorized to be transferred nor indicative of amounts to be included in the utility plant accounts nor in a rate base for the purpose of determining just and reasonable rates.

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,

IT IS ORDERED that -

1. Fred F. Matias, on or after the effective date hereof and on or before December 31, 1961, may sell the public utility water system known as Arroyo Seco Water Company to Arroyo Center Water Company, Inc., and said Arroyo Center Water Company, Inc., may issue not to exceed 1,000 shares of its no par common stock for the purpose of financing the purchase of said water system and of providing working capital.

2. Upon acquisition of said public utility water system, Arroyo Center Water Company, Inc., shall charge the purchase price thereof to Account 391, Utility Plant Purchased, and within six months thereafter, as required by the Uniform System of Accounts for Water Companies prescribed by this Commission, shall file with the Commission its proposed

journal entries to distribute the purchase price to utility plant and other accounts in accordance with Utility Plant Instruction No. 2 of said uniform system of accounts.

3. Arroyo Center Water Company, Inc., 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. On or before the date of actual transfer, Fred F. Matias shall -

- a. Refund all deposits, if any, which customers are entitled to have refunded. Any unrefunded deposits shall be transferred to and shall become the obligation for refund of Arroyo Center Water Company, Inc., and
- b. Transfer all advances for construction, if any, held by him and, together with the purchaser, within 15 days after the date of transfer, jointly file with this Commission a certified copy of an appropriate instrument showing the names and addresses of all persons or corporations in whose favor such obligations exist and the amounts thereof.

5. The rates of Fred F. Matias, doing business as Arroyo Seco Water Company, now on file with this Commission shall be refiled within 30 days after the date of actual transfer under the name of Arroyo Center Water Company, Inc., in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refiling, Arroyo Center Water Company, Inc., may file a notice of adoption of said presently filed rates. No increases in the presently filed rates shall be made unless properly authorized by this Commission.

6. Arroyo Center Water Company, Inc., within 30 days after the date of actual transfer, shall file in quadruplicate with this Commission, in conformity with the provisions of General Order No. 96 and in a manner acceptable to this Commission, a revised tariff service area map, rules governing customer relations revised to reflect present-day operating practices and sample copies of printed forms that are normally used in connection with customers' services. Such tariff service area map, rules and forms shall become effective upon five days' notice to the Commission and to the public after filing as hereinabove provided.

7. Arroyo Center Water Company, Inc., within 60 days after the date of actual transfer, shall file with this Commission four copies of a comprehensive map, drawn to an indicated scale not smaller than 400 feet to the inch, delineating by appropriate markings the tracts of land and territory served; the principal water production, storage and distribution facilities; and the location of the various water system properties of said applicant.

8. If the authority herein granted is exercised, Arroyo Center Water Company, Inc., shall determine the accruals for depreciation by dividing the original cost of utility plant, less estimated future net salvage less depreciation reserve, by the estimated remaining life of the plant. Applicant shall review the accruals as of January 1 of the year following the date of actual transfer and thereafter when major changes in depreciable utility plant composition occur and at intervals

of not more than five years. Results of these reviews shall be submitted to this Commission.

9. On or before the date of actual transfer, Fred F. Matias, doing business as Arroyo Seco Water Company, shall transfer and deliver to the purchaser, who shall receive and preserve, all records, memoranda and papers pertaining to the construction and operation of the properties herein authorized to be transferred.

10. If the authority granted herein is exercised, Fred F. Matias, doing business as Arroyo Seco 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 his compliance with the conditions hereof.

11. Upon compliance with all of the conditions of this order, Fred F. Matias, doing business as Arroyo Seco Water Company, shall stand relieved of all further public utility obligations in connection with the operations of the public utility water system herein authorized to be transferred.

12. The authorization herein granted shall become effective 20 days after the date hereof.

Dated at Los Angeles, California, this 24th day of OCTOBER, 1961.

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

Commissioner Everett C. McKeago, being necessarily absent, did not participate in the disposition of this proceeding.