

ORIGINAL

Decision No. 63108

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CITIZENS UTILITIES COMPANY OF
CALIFORNIA

For authorization (1) to acquire
all of the stock of FELTON WATER
CO., a public utility corporation,
(2) to merge with its then wholly-
owned subsidiary, FELTON WATER CO.
and (3) to enter into and undertake
the public utility operations
conducted by FELTON WATER CO.

and the application of FELTON WATER
CO. to merge with CITIZENS UTILITIES
COMPANY OF CALIFORNIA and to be
relieved of its public utility
obligations.

Application No. 44033
Filed December 21, 1961

O P I N I O N

In this application Citizens Utilities Company of California and Felton Water Co. seek an order authorizing them to merge.

Citizens Utilities Company of California is engaged in operating a public utility water system in and about Boulder Creek in Santa Cruz County, among other places, and Felton Water Co. in operating a public utility water system in an adjacent area in and about Felton. The outstanding shares of stock of the two corporations are owned by Citizens Utilities Company, a Delaware corporation, and it has been concluded by the controlling interests to merge the two operating utilities.

To accomplish this objective, Citizens Utilities Company will transfer the shares of stock of Felton Water Co. to Citizens Utilities Company of California as a capital contribution. The latter company, thereafter, as the sole shareholder of Felton Water Co., by appropriate merger proceedings, will succeed to all the assets of Felton Water Co. and to all its liabilities and obligations, including its public service obligations. Exhibit A, which contains a pro forma balance sheet giving effect to the merger, indicates that the surviving corporation will transfer to its books the book balances of Felton Water Co.'s assets and liabilities; it will not issue shares of stock in accomplishing the merger, but will record the amount of the net worth of Felton Water Co., reported at \$224,791 as of November 30, 1961, as an addition to its capital surplus account.

Citizens Utilities Company has acquired the shares of stock of Felton Water Co. only recently. Upon completion of the proposed merger, the two systems will be interconnected, and it is asserted that the physical consolidation and the combination of the two operations for the purpose of financing, accounting, technical assistance and personnel administration will result in savings in operating costs.

Upon reviewing this matter, we find and conclude that the proposed merger will not be adverse to the public interest and we will enter our order granting the application. The authorization thus granted is not to be construed as a finding of the value of the properties herein authorized to be merged 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

The Commission having considered the above-entitled matter and being of the opinion that a public hearing is not necessary and that the application should be granted,

IT IS ORDERED that -

1. Citizens Utilities Company of California may acquire and hold the outstanding shares of stock of Felton Water Co.
2. The merger of Felton Water Co. into Citizens Utilities Company of California, under the terms and conditions set forth in this application, is approved.
3. Citizens Utilities Company of California, as the surviving corporation in the merger, shall succeed to all the rights and properties, subject to all the debts and liabilities of Felton Water Co. and shall undertake all that corporation's public utility obligations.

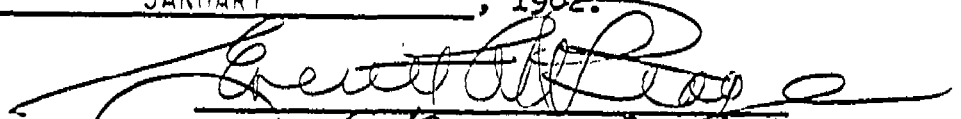
4. Citizens Utilities Company of California is authorized and directed, if the merger authorized herein is consummated -


- (a) To apply the presently effective rates of Felton Water Co. and its own rules in the present service area of Felton Water Co., and
- (b) To refile in quadruplicate with this Commission, under its name, within 30 days after the consummation of the merger, in conformity with the provisions of General Order No. 96, and in a manner acceptable to this Commission, such of the tariff sheets, including rate schedules and tariff service area maps, as are necessary to provide for the application of the presently effective rates of Felton Water Co. to the portion of the consolidated service area now served by Felton Water Co. Such revised tariff sheets shall become effective upon five days' notice to the public and to this Commission after filing as hereinabove provided.

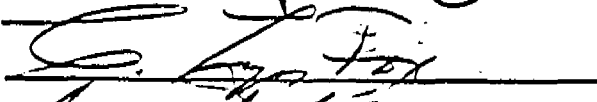
5. Within 60 days after the consummation of the merger, Citizens Utilities Company of California shall file with the Commission a copy of each and every journal entry used to record such merger on its books of account.


6. This order shall become effective on the date hereof.


Dated at San Francisco, California,
this 16th day of JANUARY, 1962.



President








Commissioners