

ORIGINAL

65655

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application

of AZUSA VALLEY WATER COMPANY,
a Corporation,

For Authority to Sell and Issue
Shares of its Common Stock in
Exchange for Property.

Application No. 45387
Filed April 26, 1963
and Amendment
Filed June 6, 1963

O P I N I O N

Azusa Valley Water Company, a public utility water corporation, applicant herein, has filed this application for authorization to issue 37,296 shares of its no par value common stock in exchange for property of The Azusa Irrigating Company, which is said to be a mutual water company. Applicant is a wholly owned subsidiary of The Azusa Irrigating Company.

Applicant reports that the character of the area served by it and by its parent company has changed considerably during the last ten years, due to the growth of population, and that land has been converted from agricultural use to residential and commercial use to such an extent that The Azusa Irrigating Company now is serving only about 30 persons.

The application shows that the Boards of Directors of both companies have concluded, and the companies' principal note holder has suggested, that the two companies be consolidated and all the water rights and remaining facilities of The Azusa Irrigating Company be transferred to applicant in exchange for shares of common stock. The shareholders of The Azusa Irrigating Company, by a vote of 6,437½ shares to 1½ shares, have approved the transaction. The two companies have entered into a plan and agreement of reorganization to accomplish such a consolidation.

The plan provides that applicant will acquire the assets of The Azusa Irrigating Company at their book values, except for the water rights which are carried on the books of the irrigating company at \$600,000 but will be set up on applicant's books at \$10, will assume outstanding liabilities of the irrigating company, and will issue to the irrigating company 37,296 shares of stock at a value of \$138,966.64 which represents the excess of the recorded values of the assets to be acquired over the liabilities to be assumed and the reserve for depreciation. Thereafter, The Azusa Irrigating Company will be dissolved and liquidated by a pro-rata distribution to its shareholders of the shares of applicant's stock then held by it. Azusa Valley Water Company will undertake to supply irrigation water to the remaining customers of the parent corporation under the rates presently

in effect. Applicant has included a proposed rate schedule in its amended application providing for the establishment of the rate for the sale and delivery of irrigation water.

A review of applicant's annual reports and of its former proceedings before the Commission shows that it was organized in 1952; that during 1952 it acquired the domestic water system of The Azusa Irrigating Company; that its active service connections have increased from 1,970 at the close of 1952 to 14,046 at the close of 1962; and that applicant owns and operates six wells which provide its supply of water.

The Azusa Irrigating Company was organized in 1886 and, assertedly, has become the owner of or has claimed an interest in a substantial share of all the surface water rights of the San Gabriel River. Upon the transfer of such rights to applicant, it is contemplated that applicant will undertake the construction of a filtration plant to utilize such surface flow and thereby aid in providing an adequate water supply to the growing number of customers.

We have considered this matter and are of the opinion that a public hearing is not necessary and that the application should be granted. We find that the 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 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.

The authorization herein granted shall not be construed to be a finding of the value of the water rights and property referred to in this proceeding nor as indicative of amounts to be included in future proceedings for the purpose of determining just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Azusa Valley Water Company may issue not to exceed 37,296 shares of its common stock, on or before February 29, 1964, to The Azusa Irrigating Company under the terms and for the purpose set forth in this application.
2. Azusa Valley 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.
3. After the effective date of this order, Azusa Valley Water Company is authorized to file the schedule of rates attached to this order as Appendix A, to be effective on or before the date irrigation service is first furnished to the public under the authority herein granted. Such

filing shall comply with General Order No. 96-A and shall become effective on the fourth day after the date of filing.

4. Azusa Valley Water Company shall maintain its records so that revenues, capital costs and operating expenses for the irrigating system to be acquired from The Azusa Irrigating Company can be readily and separately determined at any time.

5. The authority herein granted shall become effective twenty days after the date hereof.

Dated at San Francisco, California,
this 9th day of July, 1963.

William L. Bennett
President

Paul E. [unclear]
Charles [unclear]

George L. Grover

Fredrick B. Holloffe
Commissioners

APPENDIX A

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Schedule No. 3ML

LIMITED MEASURED IRRIGATION SERVICEAPPLICABILITY

Applicable to all measured irrigation service furnished on a limited basis.

TERRITORY

Portions of Azusa, Covina, West Covina, and vicinity, Los Angeles County.

RATESPer Service Connection

Quantity Rate:

For each miner's inch-hour	\$ 0.04
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Minimum Charge:

For each irrigation delivery	10.00
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SPECIAL CONDITIONS

1. Service under this schedule shall be limited to customers taking water for commercial cultivation of at least two acres of land at any time during the one-year period prior to June 30, 1963 from facilities used exclusively for the distribution of water for irrigation purposes.

2. A miner's inch-hour is defined as the volume resulting from a continuous flow of one-fiftieth (1/50) of a cubic foot of water per second for a one-hour period.

3. All daytime runs of water shall be five or ten hours, and nighttime runs shall be fourteen hours.