

ORIGINAL

Decision No. 66294

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 CONEJO VALLEY
WATER COMPANY, a public utility
corporation, (2) to merge with
its then wholly-owned subsidiary,
CONEJO VALLEY WATER COMPANY, and
(3) to enter into and undertake
the public utility operations
conducted by CONEJO VALLEY
WATER COMPANY

Application No. 45756
Filed September 12, 1963

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

O P I N I O N

In this application Citizens Utilities Company of California seeks authority to acquire all of the outstanding capital stock of Conejo Valley Water Company and the latter seeks authority to merge into the former.

Citizens Utilities Company of California, hereinafter sometimes referred to as Citizens of California, is a California corporation engaged in the business of rendering telephone and water service in various parts of northern California. All of its outstanding capital stock is owned by Citizens Utilities

Company, a Delaware corporation, sometimes hereinafter referred to as Citizens of Delaware.

Conejo Valley Water Company, sometimes hereinafter referred to as Conejo, is a California corporation engaged in the business of rendering water service in and around Thousand Oaks, Ventura County, California. Its July 31, 1963 investment in property, plant and equipment, less applicable depreciation reserve, is reported at \$2,241,447. All of its outstanding capital stock is also owned by Citizens of Delaware.

In order to effect economies of operations, especially as to record keeping and personnel administration, and to facilitate future financing, Citizens of Delaware proposes to transfer and Citizens of California proposes to acquire all of the outstanding capital stock of Conejo as a capital contribution. Upon the consummation of the transfer of the capital stock of Conejo to Citizens of California, it is proposed that Conejo be merged into Citizens of California and its separate corporate existence terminated. Citizens of California, as the surviving corporation, will succeed to all the rights and properties and will be responsible for all the debts, liabilities and obligations of Conejo. Citizens of California will refile in its name the existing tariff schedules of Conejo and proposes to transfer to its books of account the balances in the plant and related reserve accounts of Conejo and the other asset and liability accounts, except that an

amount equal to the par value of the outstanding capital stock of Conejo will be credited to the capital surplus account on the books of Citizens of California so as to reflect the capital contribution of the capital stock of Conejo from the parent corporation.

There is currently pending before the Commission Application No. 45442 of Conejo for authority to increase its rates and charges. This is the first rate proceeding involving Conejo since it became a wholly-owned subsidiary of Citizens of Delaware. It is contemplated that the staff will undertake a thorough investigation of the plant and depreciation reserve accounts of Conejo in connection with such proceeding. If, as the result of such study, it is found necessary or desirable to adjust the present balances of various asset, reserve and liability accounts appearing on the books of Conejo, it will be required that Citizens of California, as the surviving corporation, record such adjustments on its books of account with offsetting entries to its earned or capital surplus accounts.

Conejo serves an area geographically separated from other areas currently served by Citizens of California. For rate-making or other purposes, it is deemed necessary that there be a segregation of accounts relating to Conejo's utility properties and operations and the order herein will so provide.

Upon a full review of the application, we are of the opinion, and so find, that the proposed merger will not be adverse to the public interest, and that a public hearing is not necessary. We will enter an order granting the application.

The authorization herein granted is not to be construed to be a finding of the value of the properties nor indicative of amounts to be included in future proceedings for the purpose of determining just and reasonable rates. Such authorization is for the purpose of this proceeding only.

O R D E R

IT IS ORDERED that:

1. Citizens Utilities Company of California may acquire the outstanding capital stock of Conejo Valley Water Company and thereafter may cause the merger of Conejo Valley Water Company into Citizens Utilities Company of California.

2. Citizens Utilities Company of California, as the surviving corporation under the merger, is authorized to assume all the debts, liabilities and obligations of Conejo Valley Water Company.

3. Citizens Utilities Company of California, as the surviving corporation under the merger, may exercise all rights and privileges under the franchises, permits and rights to be acquired from Conejo Valley Water Company.

4. Citizens Utilities Company of California shall file, within five days after the effective date of the merger, a notice of adoption of said presently filed tariff schedules of Conejo Valley Water Company.

5. The tariff schedules of Conejo Valley Water Company, now on file with this Commission, shall be refiled within thirty days after the effective date of the merger under the name of Citizens Utilities Company of California, in accordance with the requirements of General Order No. 96-A, except that Citizens Utilities Company of California may withdraw such of Conejo Valley Water Company's rules and standard forms as are substantially identical with Citizens Utilities Company of California's rules and standard forms, and withdrawal of which will not result in increases or more restrictive conditions in the presently filed tariff schedules of Conejo Valley Water Company.

6. Citizens Utilities Company of California shall, after the consummation of the merger, maintain its records in such form as to provide a segregation of accounts relating to the Conejo properties and operations.

7. The authorization herein granted is subject to the condition that Citizens Utilities Company of California adjust its books and records so as to reflect any adjustments which the Commission may order in its decision on Application No. 45442 of Conejo Valley Water Company for authority to increase rates and charges.

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

9. The authorization herein granted shall become effective twenty days after the date hereof. Unless exercised, such authorization will expire on December 31, 1964.

Dated at San Francisco, California, this 12th
day of NOVEMBER, 1963.

William W. Bennett
President
George J. Crowder
Frederick B. Holboff
Commissioners