

ORIGINAL

Decision No. 66319

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of ORCUTT TOWN WATER COMPANY and
CALIFORNIA CONSOLIDATED WATER
COMPANY, INC., to sell and buy
utility plant; to transfer
Certificate of Public Convenience
and Necessity; and for authority
to issue common stock.

Application No. 45862
Filed October 14, 1963

O P I N I O N

This is an application for an order of the Commission (1) authorizing Orcutt Town Water Company to sell and transfer its water system to California Consolidated Water Company, Inc., and (2) authorizing California Consolidated Water Company, Inc., to assume main extension agreement obligations and to issue and sell \$120,000 par value of its common stock.

California Consolidated Water Company, Inc., recently commenced operating as a public utility water corporation, having acquired the water system of Miraflores Water Company, Incorporated, pursuant to authority granted by Decision No. 65710, dated July 16, 1963, which water system is located near the City of Santa Maria in Santa Barbara County.

Orcutt Town Water Company provides public utility water service in the unincorporated communities of Sisquoc and Orcutt and adjoining areas, which also are located near the City of Santa Maria. It possesses certificates of public convenience and necessity granted by Decisions No. 33448, dated September 3, 1940, No. 60872, dated October 11, 1960, and No. 63909, dated July 10, 1962.

California Consolidated Water Company, Inc., proposes to acquire the water system of Orcutt Town Water Company with funds to be derived, in part, through the issuance of \$120,000 par value of its common stock. The Commission is familiar with the operations and systems of both Orcutt Town Water Company and California Consolidated Water Company, Inc., by virtue of recent proceedings relating to Decision No. 64639, dated December 11, 1962, concerning rates of Orcutt Town Water Company and to the above-mentioned Decision No. 65710.

The Commission has considered this matter and is of the opinion, and finds, that (1) there will be no change in rates as a result of the transfer; (2) the sale and transfer to California Consolidated Water Company, Inc., of the water operations and related assets of Orcutt Town Water Company will not be adverse to the public interest; (3) 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 purpose specified herein; and (4) such purpose is not,

in whole or in part, reasonably chargeable to operating expenses or to income. A public hearing is not necessary.

On the basis of the foregoing findings, we conclude that the application should be granted. In issuing our order herein, we place California Consolidated Water Company, Inc., and its shareholder, or shareholders, on notice that we do not regard the number of shares outstanding, the total par value of the shares nor the dividends paid as measuring the return said corporation should be allowed to earn on its investment in plant and that the approval herein given is not to be construed as a finding of value of said corporation's stock or properties 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

IT IS ORDERED that:

1. Orcutt Town Water Company may sell and transfer to California Consolidated Water Company, Inc., its certificates of public convenience and necessity, together with its public utility water system properties, in accordance with the terms and conditions of an agreement, in the same form or in substantially the same form, as that attached to the application as Exhibit A.

2. California Consolidated Water Company, Inc., for the sole purpose of acquiring said certificates and properties of Orcutt Town Water Company, and not for the purpose of making payments of any nature whatsoever relating to advances for construction, or for any other than the first-mentioned purpose, may issue and sell, at par, not to exceed \$120,000 par value of its common stock.

3. California Consolidated Water Company, Inc., shall account for the acquisition of the properties herein authorized to be transferred, in accordance with the requirements of Plant Instruction 4 of the Uniform System of Accounts for Water Utilities (Class A, Class B and Class C), and within sixty days after the consummation of the transfer, it shall file with the Commission a copy of each journal entry used to record the transfer on its books of account.

4. California Consolidated 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.

5. On or before the date of actual transfer, Orcutt Town Water Company shall refund all deposits, if any, which customers are entitled to have refunded. Any unrefunded deposits shall be transferred to and shall become the obligations for refund of California Consolidated Water Company, Inc.

6. On or before the date of actual transfer, Orcutt Town Water Company shall transfer all advances for construction held by it to California Consolidated Water Company, Inc., and the latter shall assume the obligation for repayment of such advances. Applicants, within fifteen days after the date of transfer, shall jointly file with this Commission a certified copy of an appropriate instrument showing the names of all persons or corporations in whose favor such obligations exist and the amounts thereof.

7. On or before the date of actual transfer, Orcutt Town Water Company shall transfer and deliver to California Consolidated Water Company, Inc., all records, memoranda and papers pertaining to the construction and operation of the properties herein authorized to be transferred and the latter shall receive and preserve such records, memoranda and papers.

8. If the authority herein granted to transfer properties is exercised, California Consolidated Water Company, Inc., within thirty days thereafter, shall notify the Commission, in writing, of the date of completion of such transfer.

9. California Consolidated Water Company, Inc., shall file, within five days after the effective date of the transfer, a notice of adoption of the presently filed tariff schedules of Orcutt Town Water Company.

10. The rates, rules and regulations of Orcutt Town Water Company now on file with the Commission shall be refiled within thirty days after the effective date of the transfer under the name of California Consolidated Water Company, Inc., in accordance with the requirements of General Order No. 96-A, except that California Consolidated Water Company, Inc., may withdraw such rules and standard forms of Orcutt Town Water Company as are substantially identical with the rules and standard forms of California Consolidated Water Company, Inc., and withdrawal of which will not result in increases or more restrictive conditions in the presently filed tariff schedules of Orcutt Town Water Company.

11. Upon compliance with the terms and conditions of the transfer, Orcutt Town 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 effective date of this order shall be the date hereof. Any authority herein granted and not exercised will expire on March 31, 1964.

Dated at San Francisco, California, this 19th day of NOVEMBER, 1963.

William W. Bennett
President

Robert E. Mitchell

Robert W. Perry

George H. Traver

Frederick B. Holbeuff
Commissioners