

ORIGINAL

Decision No. 68145

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application)
of Southern California Water)
Company for an order authorizing)
the acquisition of common stock)
of Rosa Water Company.)

Application No. 47036
Filed October 9, 1964

O P I N I O N

This is an application for an order of the Commission authorizing Southern California Water Company to purchase, acquire, take and hold all of the outstanding 2,500 shares of \$100 par value common stock of Rosa Water Company.

Applicant is a California corporation engaged in the business of producing, distributing and supplying water in portions of the Counties of Imperial, Kern, Los Angeles, Orange, Sacramento, San Bernardino and Ventura. In addition, it distributes and supplies electricity at Bear Valley in San Bernardino County. For the first eight months of 1964, the company reports total operating revenues of \$6,102,348 and a net income of \$1,013,767. Its reported assets and liabilities at August 31, 1964 are summarized as follows:

ASSETS

Net utility plant	\$44,502,448
Investment accounts	192,521
Current assets	2,630,847
Deferred charges	<u>290,453</u>
Total	<u>\$47,616,269</u>

LIABILITIES

Preferred stock	\$ 3,520,000
Common stock	6,542,355
Capital surplus	1,985,472
Earned surplus	5,302,949
Long-term debt	18,210,000
Current liabilities	3,828,059
Advances for construction	6,296,951
Contributions in aid of construction	<u>1,930,483</u>
Total	<u>\$47,616,269</u>

Rosa Water Company is a California corporation engaged in the public utility water business in portions of Ventura County. For the year 1963 it reports operating revenues of \$132,299 and net earnings amounting to \$14,374. As of December 31, 1963 its reported assets and liabilities are summarized as follows:

ASSETS

Net utility plant	\$1,056,267
Investment accounts	8,082
Current assets	121,738
Deferred charges	<u>17,461</u>
Total	<u>\$1,203,548</u>

LIABILITIES

Preferred stock	\$ 46,000
Common stock	250,000
Contributed capital	1,099
Earned surplus (deficit)	(6,160)
Long-term debt	309,545
Current liabilities	115,780
Advances for construction	482,187
Contributions in aid of construction	<u>5,097</u>
Total	<u>\$1,203,548</u>

By Decision No. 66256, dated November 5, 1963, in Application No. 45238, the Commission authorized Southern California Water Company to construct and operate a public utility water system in certain areas located in Simi Valley, Ventura County. Subsequently, the Commission authorized applicant to serve additional portions of Simi Valley. Rosa Water Company also operates in portions of Simi Valley.

According to the Stock Sale and Purchase Agreement, a copy of which is attached to the application as Exhibit B, the three owners of the outstanding common stock of Rosa Water Company have agreed to sell their shares to applicant for the total sum of \$325,000 cash, subject to adjustment for net income available for common shares for the period from January 1, 1964 to the closing date. Southern California Water Company alleges that its acquisition of the common stock of Rosa Water Company is in the public interest because the former can provide financial resources and a degree of managerial skill, continuity of personnel, and general level of experience and ability in the water utility industry, which otherwise are not available to the latter.

The Commission has considered this matter and finds that: (1) Southern California Water Company and Rosa Water Company are public utility water corporations under the jurisdiction of this Commission; (2) among the service areas of Southern California Water Company are those located in the Simi Valley portion of Ventura County in which valley Rosa Water

Company also operates; (3) Southern California Water Company is able financially to purchase the common stock of Rosa Water Company; and (4) the purchasing, acquiring, taking and holding of all of the outstanding common stock of Rosa Water Company by Southern California Water Company would not be adverse to the public interest. A public hearing is not necessary.

On the basis of the foregoing findings we conclude that the application should be granted. The action taken herein shall not be construed as a finding of value of the outstanding shares of common stock of Rosa Water Company, nor as an indication as to whether or not the Commission, in a future proceeding, will authorize Rosa Water Company to transfer the whole or any portion of its water system, or to merge into applicant.

O R D E R

IT IS ORDERED that Southern California Water Company may purchase, acquire, take and hold all of the common stock of Rosa Water Company in the manner and upon the terms and conditions set forth in the Stock Sale and Purchase Agreement, a copy of which is attached to the application as Exhibit B.

The effective date of this order shall be ten days after the date hereof.

Dated at San Francisco, California,
this 2nd day of NOVEMBER, 1964.

Frederick B. Helms
President

John C. Mitchell

Robert W. Long

George H. Thayer

William L. Burnett
Commissioners