

ORIGINAL

Decision No. 68334

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application)
of Southern California Water)
Company and Rosa Water Company)
for an order (a) authorizing the)
dissolution of Rosa Water Company)
into and the transfer of its)
assets to Southern California)
Water Company, (b) granting a)
certificate of public convenience)
and necessity to Southern)
California Water Company, and)
(c) removing certain restrictions)
upon extension of water system)
facilities by Southern California)
Water Company.)

Application No. 47131
Filed November 23, 1964

O P I N I O N

This is an application for an order of the Commission
(1) authorizing Rosa Water Company to transfer its certificates
of public convenience and necessity and other assets to Southern
California Water Company; (2) authorizing Southern California
Water Company to assume the liabilities of Rosa Water Company;
and (3) removing the provision contained in Decision No. 66256,
dated November 5, 1963, in Application No. 45238, which restricts
service by Southern California Water Company east of Sycamore
Road in Simi Valley.

Southern California Water Company 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 nine months of 1964, the company reports total operating revenues of \$7,077,898 and a net income of \$1,251,777. Its reported assets, liabilities and capital at September 30, 1964 are summarized as follows:

Assets

Net utility plant	\$44,839,277
Investments	152,768
Current assets	2,629,235
Deferred charges	<u>306,975</u>
Total	<u>\$47,928,255</u>

Liabilities and Capital

Preferred stock	\$ 3,520,000
Common stock	6,542,355
Capital surplus	1,985,472
Earned surplus	5,540,598
Long-term debt	18,160,000
Current liabilities	3,896,327
Advances for construction	6,345,864
Contributions in aid of construction	<u>1,937,639</u>
Total	<u>\$47,928,255</u>

Rosa Water Company is a California corporation engaged in the public utility water business in portions of Ventura County pursuant to certificates of public convenience and necessity granted by Decision No. 59030, dated September 22, 1959, in Application No. 40685, and certain subsequent decisions. For the first nine months of 1964, the company reports total operating revenues of \$157,734 and a net income of \$18,794. As of September 30, 1964, its reported assets, liabilities and capital are summarized as follows:

Assets

Net utility plant	\$1,364,481
Investments	8,201
Current assets	74,512
Deferred charges	<u>22,368</u>
Total	<u>\$1,469,562</u>

Liabilities and Capital

Preferred stock	\$ 55,000
Common stock	250,000
Capital surplus	1,099
Earned surplus	12,634
Long-term debt	360,000
Current liabilities	213,165
Advances for construction	572,569
Contributions in aid of construction	<u>5,095</u>
Total	<u>\$1,469,562</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 such company to serve additional portions of Simi Valley. Rosa Water Company also operates in portions of Simi Valley and by Decision No. 68145, dated November 2, 1964, in Application No. 47036, the Commission authorized Southern California Water Company to purchase, acquire, take and hold all of the common stock of Rosa Water Company. All of the latter corporation's outstanding preferred stock either has been redeemed, or will be redeemed shortly, according to the application.

Said Decision No. 66256 restricts Southern California Water Company from extending service to that portion of its certificated area lying east of Sycamore Road in Simi Valley without further order of this Commission. The Commission has entered subsequent orders permitting the company to extend service east of Sycamore Road under limited circumstances. Similarly, said Decision No. 59030 and various subsequent decisions prohibited Rosa Water Company from extending service outside of its certificated area. However, by Decision No. 67132, dated April 28, 1964, in Applications Nos. 45166, 45214, 45445 and 45446, the Commission removed the restrictions requiring that Rosa Water Company not extend service outside of the territory certificated to it. Applicants allege that upon consummation of the transactions involved in this proceeding, there will be no justification for continuing the restriction presently imposed upon Southern California Water Company with respect to extending its service in Simi Valley.

The application shows that applicants' service areas in Simi Valley are complementary and provide an opportunity for operational integration and planning and design coordination in addition to affording an opportunity for the elimination of duplicate accounting and record-keeping functions.

The Commission has considered this matter and finds that: (1) the proposed transfer of the certificates of public convenience and necessity and other assets of Rosa Water Company to Southern California Water Company would not be adverse to the public interest; (2) the assumption of liabilities of

Rosa Water Company by Southern California Water Company under the circumstances set forth in this proceeding would not be adverse to the public interest; and (3) upon consummation of said transfer, the justification will cease for the restriction imposed upon Southern California Water Company with respect to the extension of service in Simi Valley. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred, nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Rosa Water Company may transfer, and Southern California Water Company may acquire, the certificates of public convenience and necessity, together with the water system operations and assets referred to in this proceeding.
2. Southern California Water Company, upon acquiring said operations and assets, may assume the liabilities of Rosa Water Company.
3. Upon consummation of said transfer, the restriction requiring that Southern California Water Company not extend service east of Sycamore Road in Simi Valley without further order of this Commission is hereby removed.

4. Southern California Water Company 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.

5. On or before the date of actual transfer, Rosa 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 obligation for refund of Southern California Water Company.

6. On or before the date of actual transfer, Rosa Water Company shall transfer all advances for construction held by it to Southern California Water Company and the latter shall assume the obligation for repayment of such advances. Applicants, within fifteen days after the date of transfer, shall file jointly 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, Rosa Water Company shall transfer and deliver to Southern California Water Company 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, Southern California Water Company, within thirty days thereafter, shall notify the Commission, in writing, of the date of completion of such transfer.

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

10. The rates and rules of Rosa 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 Southern California Water Company, in accordance with the requirements of General Order No. 96-A, except that Southern California Water Company may withdraw such rules and standard forms of Rosa Water Company as are substantially identical with the rules and standard forms of Southern California Water Company, and withdrawal of which will not result in increases or more restrictive conditions in the presently filed tariff schedules of Rosa Water Company.

11. On or before the end of the third month after the consummation of the transfer as herein authorized, Southern California Water Company shall cause to be filed with the Commission, in such form as it may prescribe, an annual report of Rosa Water Company covering the period commencing with the first day of the current year to and including the effective date of the transfer.

12. Upon compliance with the terms and conditions of the transfer, Rosa 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 and, effective upon consummation of said transfer, it is hereby declared to be a nonutility exempt from the jurisdiction of this Commission.

13. The effective date of this order is the date hereof. Any authority herein granted and not exercised shall expire on June 30, 1965.

Dated at San Francisco, California, this 15th day of DECEMBER, 1964.

Frederick B. Holschoff
President

[Signature]

Walter A. Page

George L. Tracer

William B. Brown
Commissioners