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**ORIGINAL**

Decision No. 73008

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of LOS OSOS VALLEY WATER )  
COMPANY, a California corporation, to )  
sell and of CALIFORNIA CONSOLIDATED )  
WATER COMPANY, INC., a California )  
corporation, to purchase the water )  
utility properties of LOS OSOS VALLEY )  
WATER COMPANY. )

Application No. 49581  
(Filed August 1, 1967)

O P I N I O N

Los Osos Valley Water Company, a California Corporation (seller) is the owner and operator of a public utility water system in the communities of Los Osos and Baywood Park, San Luis Obispo County. It serves 520 customers there. California Consolidated Water Company, Inc. (buyer) is also a public utility water corporation serving about 4,550 connections in the "Orcutt Wye" area near Santa Maria, Santa Barbara County.

Seller proposes to sell its system to buyer. An agreement between the parties for this purpose is annexed to the application as Appendix A.

The consideration to be paid is as follows: (1) \$110,000 plus an amount equal to 97% of seller's billed accounts as of the closing date; (2) up to \$15,000 against any additional income taxes incurred by seller because it is selling the assets rather than the stock; (3) assumption by the buyer of seller's obligations under its main extension contracts. No. (1) is to be paid in cash at the time of sale. No. (2) will be paid if and when the taxes are paid. As of May 31, 1967, advances for construction balances amounted to \$40,561.93. All main advances or deposits not theretofore used for construction will be turned over to buyer. Upon the close of the

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escrow buyer will then assume the obligations of seller under these contracts, about 24 in number.

Buyer proposes to finance this purchase with short term paper. Buyer expects to present another purchase transaction shortly and after that is accomplished will apply to the Commission for authorization of long term financing.

The financial exhibits attached to the application indicate that buyer has adequate financial resources to take over and operate the Los Osos system.

The Commission finds that:

1. The proposed sale and transfer will not be adverse to the public interest.

2. The California Consolidated Water Company, Inc. has the financial resources to acquire and operate the Los Osos Valley Water Company.

3. The temporary financing which buyer proposes to use in connection with this transfer is for periods of not to exceed one year.

4. A public hearing is not necessary.

The Commission concludes that the application should be granted as provided by the following order.

The authorization herein granted shall not be construed as a finding of the value of the rights and properties herein authorized to be transferred.

#### ORDER

IT IS ORDERED that:

1. Within one year after the effective date of this order, Los Osos Valley Water Company, a corporation (seller) may sell and

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transfer to the California Consolidated Water Company, Inc., a corporation, (purchaser) the water system referred to herein, substantially in accordance with the terms described in the agreement attached to the application herein as Appendix A.

2. On or before the date of actual transfer, seller shall refund all customers' deposits and all amounts under advances for construction agreements representing refund due and payable as of the date of transfer.

3. After the effective date of this order, and not more than thirty days after the date of actual transfer, purchaser shall file additional and revised tariff sheets, including tariff service area maps, clearly and accurately indicating the boundaries of the tariff area established by the transfer, to provide for the application of seller's present rates and purchaser's present rules to the service area acquired by the transfer. Such filing shall comply with General Order No. 96-A.

4. Within five days after the date of actual transfer, seller and purchaser jointly shall file in this proceeding a written statement showing:

- a. The date of transfer. A true copy of the instrument or instruments of transfer shall be attached to the statement.
- b. The dates of compliance with the foregoing ordering paragraph 2.

5. Upon compliance with all of the conditions of this order, seller shall stand relieved of its public utility obligations in the area served by the transferred system and may discontinue service concurrently with the commencement of service by purchaser.

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6. On or before the date of actual transfer, seller shall deliver to buyer, and buyer shall receive and preserve, all available records, memoranda and papers pertaining to the construction and operation of the properties authorized herein to be transferred.

7. On or before the end of the third month after the date of actual transfer buyer shall cause to be filed with the Commission, in such form as it may prescribe, an annual report covering the operations of the seller for the period commencing with the first day of the current year to and including the effective date of transfer.

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

Dated at San Francisco, California, this 6<sup>th</sup> day of SEPTEMBER, 1967.

[Signature]  
President

[Signature]

[Signature]

William Symons, Jr.

[Signature]  
Commissioners