

ORIGINAL

Decision No. 73098

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PALM SPRINGS WATER)
COMPANY and CATHEDRAL CITY WATER)
COMPANY under Section 851 of the)
Public Utilities Code for permission)
to merge CATHEDRAL CITY WATER)
COMPANY with and into PALM SPRINGS)
WATER COMPANY.)

Application No. 49637
Filed August 25, 1967

O P I N I O N

This is an application for an order of the Commission authorizing Cathedral City Water Company to merge with and into Palm Springs Water Company.

Palm Springs Water Company, a California corporation, is engaged in the public utility water business in the City of Palm Springs and vicinity in Riverside County.

Cathedral City Water Company, also a California corporation, is engaged in the public utility water business in close proximity to the areas served by Palm Springs Water Company. All of the former's outstanding capital stock is held by the latter pursuant to authority granted by Decision No. 54256, dated December 18, 1956, in Application No. 38554.

In the present application, authorization is sought to merge Cathedral City Water Company with and into Palm Springs Water Company, and the latter will then undertake the public utility obligations of the former.

Based on financial statements attached to the application, applicants' assets and liabilities as of June 30, 1967, together with adjustments and the pro forma balance sheet giving effect to the proposed merger, are summarized as follows:

<u>Assets</u>	<u>Palm Springs Water Company</u>	<u>Cathedral City Water Company</u>	<u>Adjustments Dr. or (Cr.)</u>	<u>Pro Forma</u>
Net utility plant	\$ 3,874,661	\$ 306,803	\$	\$ 4,181,464
Investments in, and receivables from, associated companies	133,963		(123,398)	10,565
Other assets	<u>194,297</u>	<u>11,920</u>	<u></u>	<u>206,217</u>
Total	<u>\$ 4,202,921</u>	<u>\$ 318,723</u>	<u>\$ (123,398)</u>	<u>\$ 4,398,246</u>
<u>Liabilities</u>				
Capital stock and surplus	\$ 1,903,203	\$ 144,790	\$ 81,000	\$ 1,966,993
Bonds and long- term note	765,000			765,000
Advances for construction	940,460	99,750		1,040,210
Contributions in aid of construction	319,300	23,694		342,994
Payables to Palm Springs Water Company		42,398	42,398	
Other liabilities	<u>274,958</u>	<u>8,091</u>	<u></u>	<u>283,049</u>
Total	<u>\$ 4,202,921</u>	<u>\$ 318,723</u>	<u>\$ 123,398</u>	<u>\$ 4,398,246</u>

Applicants allege that the proposed merger will simplify their corporate structure and that it will tend to increase efficiency and reduce costs of the combined operations.

The Commission has considered this matter and finds that the proposed merger will not be adverse to the public interest. On the basis of this finding we conclude that the application should be granted. A public hearing is not necessary.

The authorization herein granted is for the purpose of this proceeding only and is not to be construed as a finding of the value of the properties to be merged, 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. Cathedral City Water Company may merge with and into Palm Springs Water Company, the latter to be the surviving corporation.
2. Palm Springs Water Company, as the surviving corporation, may assume all of the liabilities and shall undertake the public utility obligations of Cathedral City Water Company.
3. After the date of this order, and not less than five days before the date of actual merger herein authorized, Palm Springs Water Company shall file with the Commission a notice of adoption of the presently filed tariff schedules of Cathedral City Water Company. The effective date of the notice of adoption shall be concurrent with the date of actual merger.
4. The tariff schedules of Cathedral City Water Company now on file with the Commission shall be refiled within thirty days after consummation of the merger under the name of Palm Springs Water Company, in accordance with the requirements of General Order No. 96-A, except that Palm Springs Water Company may withdraw such rules and standard forms of Cathedral City Water Company as are substantially identical with those of

Palm Springs Water Company and the withdrawal of which will not result in increases in rates or more restrictive conditions than the presently filed tariffs of Cathedral City Water Company.

5. Within sixty days after consummation of such merger, Palm Springs Water Company shall file with the Commission a copy of each journal entry used to record the merger on its books of account.

6. On or before the end of the third month after the consummation of the merger as herein authorized, Palm Springs Water Company shall cause to be filed with the Commission, in such form as the Commission may prescribe, an annual report or reports, related to the operations of Cathedral City Water Company for the period commencing with the first day of the current year to and including the effective date of the merger.

7. After consummation of the merger, Palm Springs Water Company shall maintain its records in such form as to provide a segregation of accounts relating to the plant investment and pertinent rate base items, as well as the revenues and expenses, for the area now being served by Cathedral City Water Company.

8. The effective date of this order is the date hereof. Any authority herein granted and not exercised will expire December 31, 1967.

Dated at San Francisco, California,
this 19th day of SEPTEMBER, 1967.

[Signature]
President

[Signature]

William Bennett

[Signature]
Commissioners

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.