

ORIGINAL

Decision No. 76601

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
)
California-American Water Company,)
a corporation, Village Water)
Company, a corporation, and)
Pollock Water Service, Inc., a)
corporation, for an Order of the)
Commission:)

(a) authorizing California-)
American Water Company to acquire)
all of the outstanding stock of)
Village Water Company and Pollock)
Water Service, Inc., from American)
Water Works Company, Inc., a)
corporation:)

(b) authorizing Village Water)
Company and Pollock Water Service,)
Inc. to merge into California-)
American Water Company:)

(c) authorizing California-)
American Water Company to enter)
and engage in the water business)
in the territories now served by)
Village Water Company and Pollock)
Water Service, Inc.)

Application No. 51519
Filed December 1, 1969
and Amendment
Filed December 12, 1969

O P I N I O N

California-American Water Company requests an order of the Commission authorizing it to execute and deliver two supplemental indentures, to acquire all the outstanding capital stock of Pollock Water Service, Inc. and Village Water Company, and to merge said corporations into itself.

Applicants are California corporations owning water systems in the Counties of Los Angeles, Monterey and San Diego with respect to California-American Water Company, the County of Monterey with respect to Pollock Water Service, Inc., and the County of Ventura with respect to Village Water Company. All three applicants are wholly owned subsidiaries of American Water Works Company, Inc., a Delaware corporation.

The reported assets and liabilities as of October 31, 1969 for California-American Water Company and Village Water Company, and as of September 30, 1969 for Pollock Water Service, Inc., are summarized from filings with the Commission as follows:

	<u>California-American Water Company</u>	<u>Village Water Company</u>	<u>Pollock Water Service, Inc.</u>
<u>Assets</u>			
Fixed assets less accumulated depreciation	\$50,552,526	\$6,254,076	\$349,766
Current assets	3,453,962	245,764	20,271
Deferred debits	<u>1,070,737</u>	<u>502,780</u>	<u>21,720</u>
Total	<u>\$55,077,225</u>	<u>\$7,002,620</u>	<u>\$391,757</u>
<u>Liabilities</u>			
Common stock	\$21,500,000	\$2,268,675	\$ 10,000
Paid-in surplus	3,170,894	98,974	110,553
Retained earnings	1,102,266	(772,189)	(9,723)
Long-term debt	14,200,000	1,760,000	
Notes payable to banks	5,800,000	550,000	
Notes or advances payable to associated companies		645,625	280,000
Current liabilities	2,105,629	222,576	(600)
Customer advances for construction	2,937,587	1,988,402	1,527
Other deferred credits	30,535		
Contributions in aid of construction	<u>4,230,314</u>	<u>240,557</u>	
Total	<u>\$55,077,225</u>	<u>\$7,002,620</u>	<u>\$391,757</u>

American Water Works Company, Inc. proposes to transfer all the outstanding capital stock of Pollock Water Service, Inc. and Village Water Company as a contribution to the capital of California-American Water Company. Then Pollock Water Service, Inc. and Village Water Company will merge into California-American Water Company.

The surviving corporation proposes to execute and deliver supplemental indentures assuming liability heretofore incurred by Village Water Company, and subjecting properties of Pollock Water Service, Inc. and Village Water Company to the lien of its First Mortgage Bond Indenture dated October 1, 1969.

After consideration the Commission finds that the proposed transactions would not be adverse to the public interest. On the basis of this finding we conclude that the application, as amended, 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. Among other things, this Commission reserves the right to require the surviving corporation to adjust its records pertaining to investment in plant and related reserves should subsequent analysis so warrant. Moreover, nothing in this decision shall be construed as an approval of the proposed journal entries attached to the application.

O R D E R

IT IS ORDERED that:

1. California-American Water Company may acquire all the outstanding capital stock of Pollock Water Service, Inc. and Village Water Company.

2. Pollock Water Service, Inc. and Village Water Company may merge into California-American Water Company.

3. California-American Water Company may execute and deliver supplemental indentures in the same form, or in substantially the same form, as those filed in this proceeding as Exhibits B and C.

4. California-American Water Company, as the surviving corporation, may assume the liabilities, and shall fulfill the public utility obligations, of Pollock Water Service, Inc. and Village Water Company.

5. Within thirty days after consummation of the mergers herein authorized, California-American Water Company shall notify the Commission, in writing, of that fact.

6. After the date of this order, and not less than five days before the date of actual mergers herein authorized, California-American Water Company shall file with the Commission, by advice letters, notices of adoption of the presently filed tariff schedules of Pollock Water Service, Inc. and Village Water Company. The effective date of the notices of adoption shall be concurrent with the date of actual mergers.

7. The tariff schedules of Pollock Water Service, Inc. and Village Water Company now on file with the Commission shall be refiled within thirty days after consummation of the mergers under the name of California-American Water Company, in accordance with the requirements of General Order No. 96-A, except that California-American Water Company may withdraw such rules and standard forms of Pollock Water Service, Inc. and Village Water Company as are substantially identical with those of California-American Water Company and the withdrawal of which will not result in increases in rates or more restrictive conditions than the presently filed tariffs of Pollock Water Service, Inc. and Village Water Company.

8. Within sixty days after consummation of such mergers, California-American Water Company shall file with the Commission a copy of each journal entry used to record the mergers on its books of account.

9. After consummation of the mergers, California-American 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 areas represented by Pollock Water Service, Inc. and Village Water Company.

10. The effective date of this order is the date hereof.

Dated at San Francisco, California,
this 23rd day of DECEMBER, 1969.

William S. Jones
President

August

William J. [unclear]

John [unclear]

James L. Sturgeon
Commissioners