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Decision No. 77962

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
(1) CALIFORNIA CITIES WATER COMPANY  
for authority (a) to merge with  
Clinton County Water Company,  
San Dimas Water Company, San Dimas-  
Charter Oak Domestic Water Company  
and The Columbia Land and Water  
Company; and (b) to issue the shares  
of common stock required to give  
effect to such merger; and

(2) SAN DIMAS-CHARTER OAK DOMESTIC  
WATER COMPANY to merge with and  
into California Cities Water Company.

Application No. 47080  
(Filed October 30, 1964)  
(Reopened June 5, 1968)

OPINION AND ORDER

The Commission, in authorizing merger into California Cities Water Company of the assets of its parent-owned public and mutual water utility associates, reserved the right to require modification of journal entries recording the merger following their review and verification by the Commission staff (Decision No. 68242, dated November 24, 1964).

California Cities, in compliance with a decision requirement, submitted a petition on March 15, 1965 for an order approving its proposed journal entries and plant account. The Commission's Finance and Accounts Division Staff, upon examination of applicant's underlying accounting and other data, took exception to the figures proposed in the petition. Thereafter, the Commission, by Decision No. 70149, dated January 4, 1966, authorized California Cities to enter upon its books as of December 1, 1964, the journal entry, utility plant accounts and reserve for depreciation account schedule, insofar as they pertained to Plant Accounts 311 to 378, inclusive, as set forth in Amended Exhibit C attached to California

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Cities' amendment, filed December 14, 1965, to its petition for approval of its proposed journal entries and plant accounts.

The authority granted by Decision No. 70149 covered all property except intangible plant and land (Accounts 301 to 306, inclusive). The balances, as of December 1, 1964, to be recorded in those accounts were in dispute as between the Company and the Staff. Accordingly, the Commission reopened this proceeding for the limited purpose of receiving evidence and argument on the issue of the proper amounts to be recorded as the balances in those accounts, as of December 1, 1964, for intangible plant and land (Decision No. 74194, dated June 5, 1968).

The major differences between the Company and the Staff were with respect to recording the December 1, 1964 balances for Water Rights (Account 303) and Land and Land Rights (Account 306), compared with which the differences in the balances for Organization Expense (Account 301) and Franchises and Consents (Account 302) were relatively minor.

Following prehearing conferences held by Examiner Gregory in 1968 and 1969, and as the result of extensive negotiations, the Company and the Staff, through their respective counsel, have submitted a stipulation and supporting exhibits concerning the disputed account balances, with the recommendation that such stipulation be incorporated into the final Commission order in this proceeding. The stipulation, which together with Exhibits 1, 2 and 3 attached thereto is hereby included in this record as Exhibit 1 thereof, is as follows:

"California P.U.C.  
Application No. 47080  
California Cities Water  
Company - Journal Entries

S T I P U L A T I O N

It is hereby stipulated between the Staff of the California Public Utilities Commission and the California Cities Water Company, acting through respective counsel, that (1):the following journal entries in the above-captioned case be approved as of December 31, 1969:

Capital Surplus	\$ 351,531
Utility plant acquisition adjustments	350,106
Other property	260,330
Organization expense	\$ 15,414
Franchises and consents	25,000
Water rights	479,565
Land	441,988

(2)  
As long as the well facilities of Artesia #3 are used in the utility operation, the consumer will not be burdened by any cost in excess of the original cost of Artesia #3.

/s/ Sergius M. Boikan  
Sergius M. Boikan, Esq.  
for Staff of the California  
Public Utilities Commission

/s/ Wyman C. Knapp  
Wyman C. Knapp, Esq.  
for California Cities  
Water Company

The Commission, after consideration, finds the aforementioned stipulation to be a reasonable resolution of the differences heretofore existing between the Company and the Staff concerning the matters specifically covered by said stipulation and by Exhibits 1, 2 and 3 attached thereto. The Commission, therefore, concludes that said stipulation should be incorporated into and implemented by this Opinion and Order.

Therefore, IT IS HEREBY ORDERED that:

1. The journal entries for the items and in the amounts set forth in the aforementioned stipulation, Exhibit 1 herein, are approved as of December 31, 1969.
2. The statement concerning the well facilities of Artesia No. 3, comprising numbered paragraph (2) of said stipulation, is noted and approved.
3. California Cities Water Company, within thirty days after the date of issuance of this order, shall transmit to this Commission, at its San Francisco Office, one (1) copy of the document describing the journal entries, as authorized herein, used to record said balances in its books of account.
4. The disposition of water rights value of \$350,106, transferred to acquisition adjustments as appears in said stipulation, shall be deferred as proposed by the Company in paragraph 2 (Account 303 Water Rights), of "Notes to Land and Water Rights", attached as Exhibit 2 to said stipulation.

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

Dated at San Francisco, California, this 24th day of NOVEMBER, 1970.

[Signature]  
Chairman

[Signature]  
Registrar

William J. [Signature]  
Commissioner

[Signature]  
Commissioner

James L. [Signature]  
Commissioner