

ORIGINAL

79185

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of BOLSA KNOLLS WATER COMPANY,)
LOS LOMAS WATER COMPANY, RANCHO)
DEL MONTE WATER COMPANY and)
CAL-OAKS WATER COMPANY for an)
order authorizing them to)
consolidate into a new corporation,)
to be known as WATER WEST)
CORPORATION, and authorizing the)
new corporation to issue 376,863)
shares of its \$1.00 par value)
Common Stock and exchange said)
shares in cancellation of the)
presently outstanding shares)
of Applicants' Common Stock and)
of the existing indebtedness of)
Applicants to their shareholders.)

Application No. 52832
Filed August 30, 1971

O P I N I O N

Bolsa Knolls Water Company, Cal-Oaks Water Company, Los Lomas Water Company and Rancho del Monte Water Company seek an order of the Commission authorizing them to consolidate into a new corporation to be known as Water West Corporation, and authorizing the latter to issue 376,863 shares of its \$1 par value common stock.

Bolsa Knolls Water Company, Cal-Oaks Water Company, Los Lomas Water Company and Rancho del Monte Water Company are California corporations engaged as public utility water companies in supplying water for commercial and residential use

in portions of Monterey County. Clayton B. Neill, Clayton B. Neill, Jr., and Gilbert M. Neill are the sole stockholders of each of the four corporations.

Said four corporations have executed an Agreement of Consolidation whereby their respective facilities and resources would be combined into a new corporation to be known as Water West Corporation. Pursuant to the terms of said agreement, one hundred shares of \$1 par value common capital stock of Water West Corporation would be issued in exchange for each share of \$100 par value common capital stock presently outstanding of Bolsa Knolls Water Company, Cal-Oaks Water Company and Rancho del Monte Water Company, and one share of the \$1 par value common capital stock of Water West Corporation would be issued in exchange for each share of the \$1 par value common capital stock of Los Lomas Water Company. In addition, one share of the \$1 par value common capital stock of Water West Corporation would be issued in cancellation of each \$1 of existing indebtedness owed by any of the constituent corporations to their present shareholders. The application shows that the aggregate par value of all outstanding shares of the constituent corporations is \$270,000, and the aggregate amount of indebtedness owed to shareholders is \$106,863.

A pro forma balance sheet as of July 31, 1971, giving effect to the proposed transactions and based upon information contained in the application, is summarized as follows:

Assets

Current assets	\$ 25,702
Net utility plant	575,814
Other assets	<u>4,751</u>
Total	<u>\$606,267</u>

Liabilities

Current and accrued liabilities	\$ 5,351
Advances for construction	174,028
Contributions in aid of construction	35,508
Common capital stock	376,863
Capital surplus	12,497
Other liabilities	<u>2,020</u>
Total	<u>\$606,267</u>

After consideration the Commission finds that:

1. The proposed consolidation would not be adverse to the public interest.
2. The proposed stock issue is for proper purposes.
3. The money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary.

In issuing our order herein, we place Water West Corporation and its shareholders on notice that we do not regard the number of shares outstanding, the total par value

of the shares nor the dividends paid as measuring the return the company should be allowed to earn on its investment in plant, and that the authorization herein granted is not to be construed as a finding of the value of its stock or properties 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. Bolsa Knolls Water Company, Cal-Oaks Water Company, Los Lomas Water Company and Rancho del Monte Water Company may consolidate into a newly formed corporation to be known as Water West Corporation, the consolidation to be in accordance with the Agreement of Consolidation, a copy of which is attached to the application as Exhibit B.

2. Water West Corporation, on or after the effective date hereof and on or before December 31, 1971, for the purposes specified in the application, may issue not exceeding 376,863 shares of its \$1 par value common capital stock.

3. Water West Corporation shall file with the Commission a report as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

4. Within thirty days after the consummation of the consolidation herein authorized, Water West Corporation shall notify the Commission, in writing, of that fact.

5. Within five days after the effective date of the consolidation herein authorized, Water West Corporation shall

file with the Commission, by advice letters, notices of adoption of the presently filed tariff schedules of each company so consolidated.

6. The respective tariff filings of the companies so consolidated, now on file with the Commission, shall be refiled within sixty days after the effective date of the consolidation under the name of Water West Corporation, in accordance with the requirements of General Order No. 96-A.

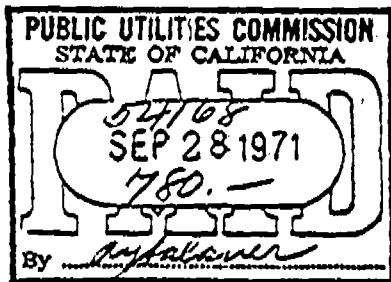
7. After the consummation of the consolidation herein authorized, Water West Corporation shall maintain its records in such form as to provide a segregation of accounts relating to the plant investment and pertinent rate base items, as well as the revenues and expenses, for each of the four areas represented by applicants in this proceeding.

8. Within sixty days after the consummation of such consolidation, Water West Corporation shall file with the Commission a copy of each journal entry used to record the consolidation on its books of account.

9. On or before the end of the third month after the consummation of the consolidation as herein authorized, Water West Corporation shall cause to be filed with the Commission, in such form as the Commission may prescribe, an annual report, or reports, related to the respective operations of each company so consolidated, for the period commencing with the first day of the current year to and including the effective date of the consolidation.

10. This order shall become effective when Water West Corporation has paid the fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$780.

Dated at San Francisco, California, this 28th day of SEPTEMBER, 1971.



William Ayres, Jr. Chairman

Vernon L. Sturgeon

[Signature]
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.