

ORIGINAL

Decision No. 73779

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of MORRO VIEW CO.,)
 INC., a corporation, and MORRO)
 VIEW WATER CO., INC., a)
 corporation, to sell and of)
 CALIFORNIA CONSOLIDATED WATER)
 COMPANY, a corporation, to)
 purchase certificate of public)
 convenience and necessity to)
 operate as a public utility)
 water company, together with)
 the assets used and useful in)
 the public service and of)
 CALIFORNIA CONSOLIDATED WATER)
 COMPANY to issue evidence of)
 indebtedness payable at a)
 period of more than one year.)

Application No. 53110
 Filed January 21, 1972

O P I N I O N

Morro View Water Company, Inc. seeks an order of the Commission authorizing it to transfer its water system properties to California Consolidated Water Company, Inc., and the latter seeks authority to execute and deliver a Deed of Trust and to issue a \$30,000 note.

Morro View Water Company, Inc. is a California corporation, and operates a public utility water system in the vicinity of Los Osos in San Luis Obispo County. At July 1, 1971, it reports net utility plant and cash in the respective amounts of \$117,795 and \$1,261, offset by common stock equity in the amount of \$119,056.

California Consolidated Water Company, Inc. is a California corporation operating public utility water systems in the Counties of Lake, San Luis Obispo and Santa Barbara. Its Los Osos Division in San Luis Obispo County adjoins the area served by Morro View Water Company, Inc.

Pursuant to the terms of a Purchase Agreement, a copy of which is attached to the application as Appendix B, California Consolidated Water Company, Inc. proposes to acquire the water system properties of Morro View Water Company, Inc. for a total purchase price of \$60,000, of which \$30,000 would be payable in cash and the balance of \$30,000 would be evidenced by a promissory note repayable in two annual installments of \$15,000 each plus interest at the rate of 0 percent per annum. The note would be secured by a proposed Deed of Trust.

The reported balance sheet of California Consolidated Water Company, Inc. at October 31, 1971, as adjusted to give effect to the proposed transactions, is summarized as follows:

<u>Assets</u>	
Net plant	\$3,240,966
Acquisition adjustments	151,501
Current assets	198,007
Other assets	<u>101,930</u>
Total	<u>\$3,692,404</u>
<u>Liabilities</u>	
Preferred stock	\$ 220,000
Common stock equity	1,239,679
Long-term debt	1,230,000
Current liabilities	288,673
Advances for construction	584,043
Contributions in aid of construction	<u>130,009</u>
Total	<u>\$3,692,404</u>

The application indicates that the proposed transfer would provide California Consolidated Water Company, Inc. with a proven additional source of water supply and storage facilities for use in its Los Osos Division, which would include the service area of Morro View Water Company, Inc., and that the proposed transfer would promote operating efficiencies through elimination of separate record-keeping.

Counsel for buyer, by letter dated February 14, 1972, seeks dismissal of the application without prejudice insofar as it requests authority to apply rates of the Los Osos Division of California Consolidated Water Company, Inc. to the service territory of Morro View Water Company, Inc.

After consideration the Commission finds that:

1. The proposed documents would not be adverse to the public interest.
2. The proposed note issue is for a proper purpose.
3. The money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.
4. The transferee has withdrawn its request to apply its Los Osos Division tariff schedules to the transferor's service territory.

On the basis of the foregoing findings we conclude that the application should be (a) dismissed without prejudice insofar as it pertains to the request for authority to apply tariff schedules of the Los Osos Division of California Consolidated Water Company, Inc. to the service territory of Morro View Water Company, Inc., and (b) granted in all other respects. A public hearing is not necessary. The action taken herein shall not be construed as a finding of the value of the assets authorized to be transferred, 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. On or before June 30, 1972, Morro View Water Company, Inc. may sell and transfer, and California Consolidated Water Company, Inc. may purchase and acquire, the water system properties referred to in the application.

2. On or after the effective date hereof and on or before June 30, 1972, California Consolidated Water Company, Inc., in acquiring said water system properties, may execute and deliver a Deed of Trust and issue a note in the principal amount of not exceeding \$30,000, which documents shall be in substantially the same form as those attached to the application as Appendix D.

3. California Consolidated Water Company, Inc. shall file the report 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 transfer herein authorized, California Consolidated Water Company, Inc. shall notify the Commission, in writing, of that fact and within said period shall file with the Commission a true copy of any bill of sale or other instrument of transfer which may be executed to effect said transfer.

5. Within sixty days after consummating the transfer herein authorized, California Consolidated Water Company, Inc. shall file with the Commission a copy of each journal entry used to record the transfer on its books of account.

6. After the effective date of this order, and not less than five days before the date of actual transfer, California Consolidated Water Company, Inc. shall file with the Commission a notice of adoption of the presently filed rates and rules of the transferor in accordance with the procedure prescribed by General Order No. 96-A. The effective date of the notice of adoption shall be concurrent with the date of actual transfer. No increases in presently filed rates shall be made unless authorized by this Commission.

7. On or before the date of actual transfer, Morro View Water Company, Inc. shall refund all customers' deposits and advances for construction, if any, which are due and payable as of the date of transfer. All unrefunded deposits and advances

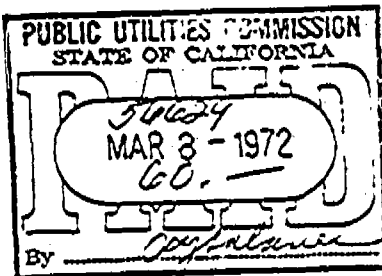
shall be transferred to California Consolidated Water Company, Inc., which shall be responsible for their refund when due.

8. Upon compliance with all of the conditions of this order, Morro View Water Company, Inc. shall stand relieved of all further public utility obligations pertaining to the operations of the public utility water system herein authorized to be transferred.

9. The application is dismissed without prejudice insofar as it pertains to the request for authority to apply the tariff schedules of the Los Osos Division of California Consolidated Water Company, Inc. to the service territory of Morro View Water Company, Inc.

10. This order shall become effective when California Consolidated Water Company, Inc. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$60.

Dated at San Francisco, California,
this 7th day of MARCH, 1972.



[Signature] Chairman
William L. Givens
[Signature]
Vernon L. Sturgeon
[Signature] Commissioners