

Mailed

Decision SS 04 040 APR 27 1988

APR 27 1988

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Spreckels Industries,)
 Inc., and its wholly-owned subsi-)
 diary, Spreckels Water Company, Inc.,)
 and its wholly-owned subsidiary,)
 Spreckels Consolidated Industries,)
 Inc., doing business as Spreckels)
 Water Company, located in Spreckels,)
 Monterey County.)

Application 87-05-052
 (Filed May 29, 1987;
 amended November 2, 1987)

OPINION

This is an application in which Spreckels Industries, Inc. (Industries) seeks authority to acquire control of Spreckels Water Company (Water Company) in accordance with leveraged buyout transactions.

Notice of the filing of the application appeared in the Commission's Daily Calendar on June 4, 1987. There are no protests. The matter has been held in abeyance because of the pendency of additional intercorporate transactions which have been completed. It is now ready for decision.

The Commission makes the following findings and conclusion.

Findings of Fact

1. A public hearing is not necessary in this matter.
2. Water Company is a water corporation as defined in Public Utilities Code § 451 subject to the jurisdiction of the Commission. It provides service to 224 service connections in the Town of Spreckels, Monterey County. The original cost of Water Company's plant was \$170,446.59 and the depreciation reserve as of June 30, 1987 was \$64,502.13, resulting in a net book cost of \$105,944.46.
3. In January 1984 Water Company was a wholly owned subsidiary of Spreckels Consolidated Industries, which in turn was a wholly owned subsidiary of Amstar Corporation. In February 1984

Amstar Corporation merged with another wholly owned subsidiary, Amstar Holdings, Inc., and as a result of the merger Amstar Corporation became a wholly owned subsidiary of Amstar Holdings, Inc.

In September 1986 Sucrose Holdings, Inc., a Delaware corporation, was formed together with 23 direct and indirect wholly owned Delaware subsidiaries, including a subsidiary named ASR 19, Inc. (New Water). On November 21, 1986, 22 wholly owned subsidiaries of Sucrose Holdings, Inc. acquired Amstar Holdings, Inc. On December 31, 1986, Amstar Corporation liquidated into its parent Amstar Holdings, Inc. and Amstar Holdings, Inc. liquidated into its parents, the 22 direct and indirect subsidiaries of Sucrose Holdings, Inc. Amstar Sugar Corporation also liquidated into its parents, transferring the stock of Spreckels Consolidated Industries, Inc. to the recently created subsidiary New Water. The New Water subsidiary corporation was then renamed Spreckels Water Company.

Pursuant to a Stock Purchase Agreement dated June 30, 1987, the stock of Spreckels Water Company, Inc. was transferred to S. I. Acquisition Corp., a Delaware corporation, in a leveraged buyout transaction. The shareholders of S. I. Acquisition Corp. are certain management employees of Spreckels Sugar Company, and the seven companies comprising the industrial products group formerly owned by Amstar Corporation, and Prudential-Bache Interfunding, Inc., an affiliate of Prudential-Bache Securities, Inc. The name of S. I. Acquisition Corp. was subsequently changed to Spreckels Industries, Inc.

4. Water Company was operated by the same management during the period in which all of the transactions described in Finding 3 occurred.

5. After the June 1987 transaction the management and corporate offices of Water Company and Industries remained the same.

6. The application acknowledges that the management of Industries is aware of the following:

- a. General Order (GO) 96-A, Filing and Posting of Tariff Schedules.
- b. GO 103, Rules Governing Water Service, including Minimum Standards for Design and Construction.
- c. Uniform System of Accounts for Class D Water Utilities.
- d. The Commission's Rules of Practice and Procedure.
- e. Public Utilities Code of the State of California.

7. The application avers as follows:

"Spreckels Industries warrants that:

- "(a) There are no customer deposits to establish credit.
- "(b) There are no main extension advances; however, Amstar loaned the system the funds in 1984, for the installation of Well No. 2 and pipeline to hook up to the current system and the system is repaying such loan by making quarterly payments of \$3,250, plus interest.
- "(c) The condition of the system is good."

8. Because of the nature of the transaction, there will be no change whatever in Water Company's management and operation of the utility in continuing to supply water to the service area. The public interest and convenience will continue to be served in the same manner as existed prior to the transactions heretofore set forth.

9. The proposed transfer of control of Water Company to Industries is not adverse to the public interest.

10. Since the ensuing order primarily affects the parties to the proceeding, it should be made effective on the date of issuance.

Conclusion of Law

The application should be granted.

ORDER

IT IS ORDERED that:

1. On or after the effective date of this order Spreckels Industries, Inc. (Industries) may acquire control of Spreckels Water Company in accordance with the terms of the application, as amended.

2. Within 30 days after the assumption of control herein authorized, Industries shall notify the Water Utilities Branch, Commission Advisory and Compliance Division of that fact.

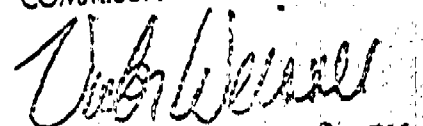
3. The authority granted by this order shall expire on December 31, 1988, if it has not been exercised by that date.

This order is effective today.

Dated APR 27 1988, at San Francisco, California.

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Victor Weissen, Executive Director