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Decision No. 90102 MAR 27 1979

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of:  
KAISER AETNA, a partnership, and )  
A L & C REALTY HOLDINGS CORPORATION, )  
for authorization to the transfer of )  
ownership of Rancho Las Posas Water )  
Company, a California corporation. )

Application No. 58645  
(Filed January 30, 1979)

O P I N I O N

Kaiser Aetna requests authority to transfer and A L & C Realty Holdings Corporation (A L & C Realty) requests authority pursuant to Section 854 of the Public Utilities Code to acquire control of Rancho Las Posas Water Company (Las Posas) through the acquisition of all of the outstanding capital stock of Las Posas. Notice of the filing of the application was published on the Commission's Calendar of February 1, 1979.

Las Posas is a public utility which provides water service in a sparsely populated agricultural area known as Rancho Las Posas in Ventura County. The company's annual report on file with the Commission shows that as of December 31, 1977 it had 490 commercial and 284 irrigation service connections. This report also indicates that the utility had outstanding 40,000 shares of \$10 par value common stock. A L & C Realty is a Connecticut corporation authorized to do business within the State of California. It was formed to engage in the real estate business and to develop, manage and sell properties. The company is a wholly owned subsidiary of Aetna Life and Casualty Company.

Kaiser Aetna is a general partnership organized under the laws of the State of California composed of Westward Properties, Inc., Temecula Properties, Inc., Kaiser Rancho California, Inc., all of which are California corporations, and Kaiser Hawaii Kai Development Co., a Nevada corporation, and Aetna Life Insurance

Company, a Connecticut corporation. Kaiser Aetna dissolved September 29, 1977, and exists only for the purpose of winding up its affairs. The terms of the agreement for distribution of the assets of Kaiser Aetna upon its dissolution provided that certain partnership assets in Ventura County, California, including the capital stock of Las Posas would be distributed to Aetna Life Insurance Company by transfer to A L & C Realty. Pursuant to the terms of the agreement for dissolution, Kaiser Aetna inadvertently transferred all of the outstanding capital stock of Las Posas to A L & C Realty without first receiving authority from the Commission as required by Section 854 of the Public Utilities Code.

After the transfer of the stock of Las Posas from Kaiser Aetna to A L & C Realty, the Commission issued Decision No. 89448 on October 3, 1978, in Application 56964 filed on December 22, 1976 by Las Posas for authority to increase rates for water services. The Commission was not aware of the fact that Kaiser Aetna had undertaken to transfer control of Las Posas to A L & C Realty. Ordering paragraphs 4 and 9 of the Commission's decision pertained to Kaiser Aetna read as follows:

"4. In order to be authorized to file the rates set forth in Appendix A, Rancho Las Posas Water Company shall, concurrently with the filing of such rates, file an executed agreement with its parent, Kaiser Aetna, indicating Kaiser Aetna's commitment to provide Rancho Las Posas Water Company with the additional funds needed to construct the ordered improvements as set forth in Findings 7 and 8 on the prescribed schedule."

"9. Rancho Las Posas Water Company shall eliminate the cash drain from refunding Kaiser Aetna's advances for construction either by discounting these advances as indicated herein or by crediting refunds due to capital surplus. Rancho Las Posas Water Company shall file an executed agreement with Kaiser Aetna adopting one of these options within 30 days after the effective date of this order ..."

In compliance with the Commission's ordering paragraphs pertaining to Kaiser Aetna, Las Posas and A L & C Realty have filed with the Commission (a) an Agreement Regarding Commitment of Funds for Improvements dated December 20, 1978, pursuant to Ordering Paragraph No. 4, and (b) an Agreement Regarding Main Line Extension Contract dated November 27, 1978, pursuant to Ordering Paragraph No. 9. Subsequent to the filing of the agreements a member of the staff of the Commission pointed out to Kaiser Aetna and A L & C Realty that the consent of the Commission to the transfer of shares by applicant to A L & C Realty Holdings Corporation had not been obtained as required by Public Utilities Code Section 854. This application seeks that consent.

The Finance Division and the Utilities Division of the Commission staff have reviewed the proposal set forth in the application and consider the request to be reasonable. The Finance Division of the Commission staff has also reviewed the consolidated financial statements of A L & C Realty for the year ended December 31, 1977, which were submitted to the Commission by Applicants' attorney. The staff has determined that A L & C Realty has the financial ability to execute performance of the Agreement Regarding Commitment of Funds for Improvement, dated December 20, 1978.

After consideration the Commission finds that control of Las Posas by A L & C Realty through acquisition of all of the outstanding capital stock of Las Posas from Kaiser Aetna would not be adverse to the public interest.

On the basis of the foregoing finding, we conclude that the application should be granted.

There is no known opposition and no reason to delay granting the applicants' request. A public hearing is not necessary. Because there is a rate increase pending which is contingent upon the disposition of this proceeding, this order will become effective on the date hereof.

O R D E R

IT IS ORDERED that:

A L & C Realty Holdings Corporation may acquire control of Rancho Las Posas Water Company.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 27th day of MARCH, 1979.

John E. Bryan  
President  
Vernon L. Sturgeon

Alvin J. DeLoach  
Thomas W. Kinison  
Commissioners

Commissioner Richard D. Gravelle, being necessarily absent, did not participate in the disposition of this proceeding.