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Decision 93852 DEC 15 1981

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
WESTLAKE WATER COMPANY and NATIONAL)
BULK HOLDINGS, INC. for ex parte)
authority to transfer utility)
property and control.)

Application 61101
(Filed December 3, 1981)

O P I N I O N

Application has been filed for approval of a proposed corporate reorganization as described below. The reorganization is being made for tax and financial planning purposes and applicants therefore seek approval prior to December 31, 1981.

Applicant National Bulk Holdings, Inc. (NBH) is a closely held Delaware corporation qualified to transact intrastate business within the State of California. Its stock is owned by no more than three shareholders. American-Hawaiian Steamship Company (Steamship), a New Jersey corporation, is a wholly owned subsidiary of NBH, which in turn owns all of the 140 issued and outstanding shares of stock of applicant Westlake Water Company (Westlake) under the authority contained in Decisions (D.) 75375, 79566, and 84335.

NBH desires to change its corporate structure by liquidating and merging into NBH both Steamship and Westlake. NBH will assume and agree to perform all obligations and liabilities of both Steamship and Westlake. Westlake will be operated as a division of NBH under the fictitious business name "Westlake Water Company." The actual business operations of Westlake would not change. Service, maintenance, billing, and all other Commission-regulated aspects of the operations would be carried out by NBH through its Westlake division.

The main extension agreement obligations of Westlake will be assumed and performed by NBH. The main extension agreements between Westlake and Steamship will be accounted for by NBH in the same manner as they are presently accounted for under prior Commission decisions. The new Westlake division would be involved only in the operation of the public utility water system and would maintain separate records and accounts. The office and principal place of business would remain in Westlake Village, California.

The staff of the Revenue Requirements Division has reviewed the application and recommends approval. It notes that the resulting company's equity capital ratio would be about the same as that which currently exists for Westlake (88.5% vs 87.3%).

The request for corporate reorganization with the resulting acquisition of control of Westlake by NBH and the transfer to NBH of all the public utility assets, rights, property, liabilities, and obligations of Westlake appear reasonable on the face of the application. No protests have been received. A public hearing is not necessary.

Findings of Fact

1. NBH is a corporation duly organized and existing under and by virtue of the laws of the State of Delaware. It is qualified to transact intrastate business in California.
2. Westlake is a corporation duly organized and existing under and by virtue of the laws of the State of California. All its 140 issued and outstanding shares are owned by Steamship, a New Jersey corporation.
3. Steamship is a wholly owned subsidiary of NBH.
4. Westlake is a public utility water company operating in California under this Commission's authorization and jurisdiction.
5. Applicants desire to merge both Steamship and Westlake into NBH and operate them as divisions of NBH.
6. Applicant alleges that the actual business operations of Westlake would not change under the proposed corporate reorganization.

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7. NBH will assume and agree to perform all obligations and liabilities of Westlake, including all main extension agreement obligations.

8. For tax and financial planning reasons, NBH asks that the transfer be approved before December 31, 1981.

Conclusion of Law

The proposed transfer to NBH of all the public utility assets, rights, property, liabilities, and obligations of Westlake should be authorized as set forth in the order below, which constitutes an emergency situation and requires expeditious action.

O R D E R

IT IS ORDERED that:

1. Westlake Water Company (Westlake) is authorized to transfer all of the public utility assets, rights, property, liabilities, and obligations including its certificate of public convenience and necessity to National Bulk Holdings, Inc. (NBH).

2. Main extension agreements will be accounted for by NBH in the same manner as they are presently accounted for under prior Commission decisions.

3. The Westlake Water Company Division of NBH shall be involved only in the operation of public utility water service and shall maintain separate records and accounts.

4. The office and principal place of business for the Westlake Water Company Division of NBH shall be Westlake Village, California until this Commission is notified otherwise by NBH.

5. Westlake shall transfer all accounting records, including the construction and operating records, to NBH on the effective date of the corporate reorganization.

6. Westlake shall file a final annual report, as required by Public Utilities Code § 584, within 30 days from the date the corporate reorganization is effective, showing the required information to the date of reorganization.

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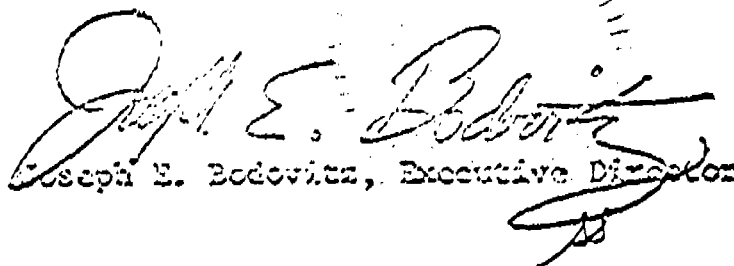
7. This authorization for transfer is not a finding of the value of the rights and properties to be transferred.

This order is effective today.

Dated DEC 15 1981, at San Francisco, California.

JOHN E. BRYSON
President
RICHARD D GRAVELLE
LEONARD M. GRIMES, JR.
VICTOR CALVO
PRISCILLA C. CREW
Commissioners

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


Joseph E. Bodovitz, Executive Director