

LEM

Decision No. 15284.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
PALOS VERDES WATER COMPANY,)
a corporation, for an order author-)
izing the sale of all of the in-)
creased capital stock of said Palos)
Verdes Water Company.)

Application No. 11478

Musick, Burr and Pinney, by Harold J. Richardson,
for applicant.

BY THE COMMISSION:

OPINION

Palos Verdes Water Company asks the Railroad Commission to make an order authorizing it to issue and sell at not less than par \$200,000.00 of its common capital stock and use the proceeds to pay the cost of constructing extensions, additions and betterments to its properties.

By Decision No. 14151 dated October 9, 1924, (Vol. 25, Opinions and Orders of the Railroad Commission of California, Page 451) the Railroad Commission found that public convenience and necessity required Palos Verdes Water Company to construct a public utility water system, to exercise the rights and privileges granted by Ordinance No. 1132 (new series) by the Board of Supervisors of Los Angeles County and to operate a public utility water system in the 3,200 acre

tract described in such decision. By that decision, as amended, the Commission also authorized the company to issue at not less than par \$300,000.00 of its common capital stock to acquire and construct in part the water system to which reference has been made. All of the stock has been issued and all the proceeds except \$2,955.69 expended.

It is of record that applicant's Articles of Incorporation have been amended and, as amended, provide for an authorized stock issue of \$500,000.00. The company now asks permission to issue and sell at par additional stock in the amount of \$200,000.00. R. E. Brownell, General Manager of Palos Verdes Water Company, testified that to complete the water system on the 3,200 acre tract would require a total expenditure of about \$1,000,000.00. He further testified that during the next two years an expenditure of approximately \$200,000.00 will have to be incurred and that ninety percent of such expenditures will be for pumping plants, reservoirs, transmission mains and distributing pipes other than service pipes. Applicant's general manager, however, was unable to state definitely the purposes for which the expenditures will be incurred. The development of the 3,200 acre tract, and the construction of new houses thereon, will determine the location of the extensions, additions and betterments and the time when they will be constructed. Under the circumstances we believe that any proceeds obtained from the issue and sale of the stock herein authorized should be expended only after the Commission has been furnished with a detailed statement of construction expenditures actually incurred, together with a description of the properties acquired or constructed. Upon being furnished with such statements and descriptions, the Commission will consider the withdrawal of proceeds obtained from the sale of the stock to finance the cost of the

extensions, additions and betterments. The order herein will authorize the issue and sale of the stock and require the deposit of the proceeds with a bank or banks until such time as the expenditure is authorized by a supplemental order or orders.

ORDER

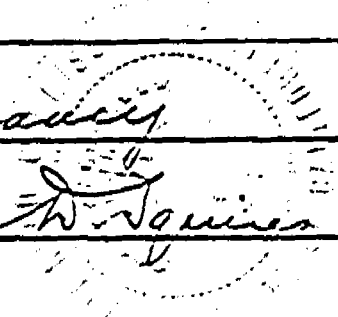
Palos Verdes Water Company having applied to the Railroad Commission for permission to issue and sell at not less than par \$200,000.00 of its common capital stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant and that this application should be granted as herein provided, therefore,

IT IS HEREBY ORDERED that the Palos Verdes Water Company be, and it is hereby, authorized to issue and sell at not less than par on or before March 1, 1926, \$200,000.00 of its common capital stock, provided the proceeds from the sale of the stock be deposited with a bank and expended only for such purposes as the Railroad Commission will hereafter authorize by a supplemental order or orders.

IT IS HEREBY FURTHER ORDERED that the authority herein granted to issue stock will become effective upon the date hereof and that Palos Verdes Water Company shall keep such record of the issue and sale of the stock herein authorized and of the distribution of the proceeds as will enable it to file on or before the

25th day of each month a verified report, as required by the
Railroad Commission's General Order No. 24, which order, in so
far as applicable, is made a part of this order.

DATED at San Francisco, California, this 13th day
of August, 1925.



P. C. Seaver

George W. Tomlin

Leon Whitell

Commissioners.