

ORIGINAL

Decision No. 19034.

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.)
 authorizing the sale of 500 shares)
 of its capital stock to the Bank of)
 Italy National Trust and Savings)
 Association.)

Application No. 14096.

Woodruff, Musick, Pinney & Hartke,
 by Harold J. Richardson, for applicant.

BY THE COMMISSION:

O P I N I O N

In this application the Palos Verdes Water Company asks permission to issue and sell, at par, for cash, 500 shares of its common capital stock of the aggregate par value of \$50,000.00 for the purpose of paying indebtedness due the Bank of Italy, National Trust and Savings Association, trustee, for the Palos Verdes project.

Palos Verdes Water Company was organized on or about March 15, 1924. By Decision No. 14151, dated October 9, 1924, the company was granted permission to operate the water system in the Palos Verdes project and was authorized to issue at par \$300,000.00 of common stock to acquire and install a water system in part of such project. Subsequently by Decision No. 15284, dated August 13, 1925, the company was authorized to issue and sell at par on or before March 1, 1926, \$200,000.00 of additional stock

subject to the condition that the proceeds obtained from the sale of such stock might be expended only as authorized by the Commission in supplemental orders. None of the \$200,000.00 of stock has been issued.

The company, however, reports that up to June 30, 1927, the Bank of Italy, National Trust and Savings Association, as trustee for the Palos Verdes project, advanced to applicant \$50523.64 which was expended by applicant for the purpose of paying for extensions, additions and betterments to its water system. For the purpose of paying \$50,000.00 of the indebtedness applicant asks permission to issue and sell, at par, for cash, to the Bank of Italy, National Trust and Savings Association \$50,000.00 of its common capital stock.

It is of record that applicant's water system is still under process of construction and that approximately one third of the system has been completed. The money which is being invested in this water system is advanced by the trustee under the trust covering Palos Verdes project. It appears that in effect the purchasers of real estate situate in the Palos Verdes project provide the funds for the construction of applicant's water system. All of the stock which applicant has issued and the stock which it asks permission to issue in this proceeding will be owned by the trust under which Bank of Italy, National Trust and Savings Association is trustee. The testimony shows that at present applicant has 102 consumers and that the operating revenues for the nine months ending September 30, 1927, amounted to \$17,689.08 and the operating expenses, exclusive of depreciation, to \$15,418.06.

ORDER

Palos Verdes Water Company having asked permission to issue \$50,000.00 of its common capital stock, a public hearing having been held before Examiner Fankhauser and the 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 the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED that Palos Verdes Water Company may issue and sell for cash on or before March 1, 1928, \$50,000.00 of its common capital stock and use the proceeds obtained from the sale of such stock to pay in part the indebtedness due to the Bank of Italy, National Trust and Savings Association as trustee for the Palos Verdes project.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective upon the date hereof, and that Palos Verdes Water Company shall file with the Railroad Commission a report or reports as required by the Commission's General Order No. 24, which order, insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 12th day of November, 1927.

Edward
Chase
Leon
Thos D. Powell
M. J. Curran