

Decision No. 21036.

21036

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	}	Application No. 15483
PALOS VERDES WATER COMPANY,		
a corporation, for an order authoriz-		
ing the sale of fifteen hundred(1500)		
shares of its capital stock.	}	

Woodruff, Musick, Pinney & Hartke,  
by Harold Streight, for applicant.

BY THE COMMISSION:

O P I N I O N

Palos Verdes Water Company has applied to the Railroad Commission for permission to issue and sell at par 1500 shares of its common capital stock of the aggregate par value of \$150,000. for the purpose of paying indebtedness and of financing the cost of extensions to its water properties.

The application shows that Palos Verdes Water Company is engaged in the construction of a water system in a tract of land commonly known as Palos Verdes Estates, in Los Angeles County, and that heretofore under authority granted by the Commission it has issued \$350,000.00 of stock to finance construction costs made prior to June 30, 1927. It has no bonds or other long term debt.

Its assets and liabilities as of December 31, 1928 are reported as follows;-

ASSETS:

Fixed capital . . . . .		\$398,721.56
Current assets:		
Cash . . . . .	\$928.74	
Accounts receivable . . . . .	1,881.35	
Materials and supplies . . . . .	<u>5,857.10</u>	8,667.19
Prepayments . . . . .		1,055.53
Deficit . . . . .		<u>44,243.20</u>
Total assets.....		<u>\$452,687.48</u>

LIABILITIES:

Capital stock . . . . .		\$350,000.00
Current liabilities :		
Accounts payable . . . . .	1,527.00	
Due Palos Verdes project <u>32,559.15</u>		34,086.15
Donations for construction . . . . .		13,330.00
Reserve for depreciation . . . . .		<u>55,271.33</u>
Total liabilities.....		<u>\$452,687.48</u>

In making this application for permission to issue additional stock amounting to \$150,000.00, applicant reports that between June 30, 1927 and March 7, 1929 it has expended for additions to its plants and properties the sum of \$37,393.44, which was paid for or provided with moneys borrowed for a term of less than one year from Bank of Italy National Trust and Savings Association, Trustee, for Palos Verdes Project, and that it has made arrangements to make further additions to its system amounting to \$56,723.75. In addition, it estimates that in the near future it will be called upon to expend at least \$52,700.00 for other improvements, extensions and additions.

The expenditures of \$37,393.44 made up to March 7, 1929 and those of \$56,723.75, which it now is proposed to make, are set forth in some detail in the application and in monthly reports heretofore filed with the Commission. The proposed ex-

penditures in addition to these amounts were outlined generally at the hearing held in this matter, but not in such detail that the Commission can make a final order at this time authorizing the use of proceeds from the sale of stock to meet them. The order herein, accordingly, while authorizing the issue of the \$150,000.00 of stock, will provide that applicant may use at this time not more than \$94,117.19 of the proceeds and that it may use the remaining proceeds only when it is authorized to do so by the Commission in subsequent orders in this proceeding.

#### O R D E R

Palos Verdes Water Company having applied to the Railroad Commission for permission to issue \$150,000.00 of stock, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through such issue is reasonably required for the purposes specified herein, which purposes are not in whole or in part reasonably chargeable to operating expense or to income, therefore,

IT IS HEREBY ORDERED, that Palos Verdes Water Company be, and it hereby is, authorized to issue and sell, at not less than par, on or before December 1, 1929, \$150,000.00 of its common capital stock and to use \$37,393.44 of the proceeds to pay indebtedness incurred in making expenditures for additions to its properties prior to March 7, 1929, and to use \$56,723.75 of the proceeds to finance estimated expenditures referred to in the fore-

going opinion and described in Exhibit "D" attached to the petition herein.

IT IS HEREBY FURTHER ORDERED, that Palos Verdes Water Company shall deposit the remaining proceeds from the sale of the stock, and such portion of the \$94,117.19 not needed for the purposes specified in the preceding paragraph, in a special bank account and withdraw such proceeds only for such purposes as the Commission might hereafter authorize.

IT IS HEREBY FURTHER ORDERED, that applicant shall keep such record of the issue of the stock herein authorized, and of the disposition of the proceeds as will enable it to file on the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.

IT IS HEREBY FURTHER ORDERED, that the authority herein granted will become effective upon the date hereof.

DATED at San Francisco, California, this 2nd day of May 1929.

Thomas L. Smith

C. J. Seamy

Edward A. Cook

W. J. Carr

Commissioners.