

LEM

Decision No. 24892.

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 two hundred and
fifty-two(252) shares of its capital
stock.

ORIGINAL

Application No. 18166

Williamson & Musick, by Harold H. 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 252 shares of its capital stock of the aggregate par value of \$25,200.00, for the purpose of paying indebtedness.

The application shows that Palos Verdes Water Company operates a water system in that portion of Los Angeles County known as Palos Verdes Estates, and supplies water for domestic purposes and for the irrigation of estates, a golf course and a few farms. The entire territory so supplied is in the neighborhood of 5,000 acres and contains a population of about 600 persons.

Palos Verdes Water Company was organized on or about March 15, 1924. Heretofore it has issued \$481,500.00 of common stock, all of which was authorized by the Commission to pay in part, the cost of properties. The company reports its investment in its properties, as of March 31, 1932, at \$532,561.17 and in other assets

at \$16,345.63, making a total investment of \$548,906.80 which was obtained, so it appears from the company's balance sheet, through the issue of the stock, the incurring of current liabilities, from donations and from the investment of moneys represented by its reserve for accrued depreciation. The balance sheet of the company, as of March 31, is reported as follows:-

<u>A S S E T S</u>		
Fixed capital		\$532,561.17
Current assets:		
Cash	\$ 7,423.52	
Accounts receivable	2,252.71	
Materials and supplies	<u>6,030.83</u>	15,707.06
Prepaid accounts		<u>638.57</u>
Total assets		<u>\$548,906.80</u>

<u>L I A B I L I T I E S</u>		
Capital stock		\$481,500.00
Current liabilities:		
Accounts payable	\$ 2,624.29	
Palos Verdes Project	24,770.65	
Advances on construction	<u>1,335.04</u>	28,729.98
Donations		13,330.00
Reserve for depreciation		122,327.98
Corporate deficit		<u>96,981.16</u>
Total liabilities		<u>\$548,906.80</u>

In making this application to issue additional stock, the company reports capital expenditures of \$25,155.41 which it alleges have been paid for with borrowed moneys and have not been financed through the issue of stock. These expenditures, it appears, consist of the following:-

Pumping station buildings and fixtures	\$691.57
Well	12,372.31
Pumping equipment	8,275.01
Purification system	1,845.08
Distribution mains, etc.	677.82
Hydrants, fire cisterns	8.14
Services	191.34
Balance as of October 31, 1930 from former application	<u>1,094.14</u>
Total	<u>\$25,155.41</u>

It appears that the company found it necessary to drill and equip a new well to provide an adequate supply of water for its consumers. The company heretofore reported to the Commission, in August of last year, that it could develop from the two wells it owned at that time, but 1,000,000 gallons of water daily, whereas it needed at least 1,500,000 gallons to adequately serve its consumers. The new well, accordingly, was drilled at a cost of \$12,372.31.

O R D E R

Palos Verdes Water Company having applied to the Railroad Commission for authority to issue \$25,200.00 of stock, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary, that the application should be granted as herein provided, and that the money, property or labor to be procured or paid for through the issue of the stock is reasonably required for the purposes specified herein, which purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED, that Palos Verdes Water Company be, and it hereby is, authorized to issue and sell at par, on or before December 31, 1932, \$25,200.00 of its common capital stock for the purpose of paying \$25,155.41 of indebtedness and of financing the cost of additions and betterments, described in Exhibit "B" filed in this proceeding.

The authority herein granted is subject to the following conditions:-

1. Applicant shall keep such record of the issue of the stock and of the disposition 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, insofar as applicable, is made a part of this order.
2. The authority herein granted will become effective upon the date hereof.

DATED at San Francisco, California, this 20th day of June, 1932.

Q. L. Seavers
Leon D. Whalley
W. A. Carr
M. B. Harris
Frederic G. Stewart
Commissioners.