

Decision No. 32265

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the
BELLFLOWER LAND AND WATER COMPANY,
a California corporation, for a certificate of public convenience and necessity to extend its pipeline to contiguous property and supply such tract hereinafter set forth with water service, and for an order authorizing issue of its capital stock.

ORIGINAL

Application No. 22779

John Van Aalst, for applicant.

BY THE COMMISSION:

O P I N I O N

In this application, as amended at the hearing held on August 16, 1939 by Examiner Fankhauser, Bellflower Land and Water Company asks for a certificate of public convenience and necessity authorizing it to construct, maintain and operate a public utility water system in Tract No. 1, referred to in this application, and to issue \$20,000 of its common capital stock, or such other amount as the Commission deems reasonable, for the purposes hereinafter set forth.

The Commission by Decision No. 31297, dated September 26, 1938, in Application No. 22078, authorized Bellflower Land and Water Company to issue three shares of its capital stock and granted it a certificate of public convenience and necessity to construct, maintain, and operate public utility water systems in the areas designated as Parcels A, B and C on maps filed in that proceeding. As of July 31, 1939, applicant was serving water to 103 consumers.

Applicant has recently been requested to extend its water system into what is referred to in this application as Tract No. 1, having an area of about eight acres. This tract is adjacent to the area described in Application No. 22078, as Parcel B. The testimony shows that several families are now residing on Tract No. 1 and that the tract is divided into fifty lots. Water to serve consumers on this tract will be obtained from an existing well. They will be charged the rates now on file with the Commission.

In Exhibit No. 1, prepared by James F. Wilson, an assistant engineer for the Commission, the cost of the company's existing properties is reported as follows:-

Unit A properties	\$2,627.78
Unit B properties	3,136.86
Unit C properties	4,634.91
Intangible capital	<u>555.03</u>
Total	<u>\$10,954.58</u>

These costs cover land, buildings, wells, pumping equipment, distributing mains and services. They include the cost of the distributing system in Tract No. 1, for which applicant is now seeking a certificate of public convenience and necessity. Applicant's counsel stated that it had no objection to the cost figures submitted in Exhibit No. 1.

Bellflower Land and Water Company is a corporation organized under and by virtue of the laws of the State of California. It has an authorized stock issue of \$25,000 par value, consisting of 250 shares of the par value of \$100 each. As stated, the Commission has heretofore authorized applicant to issue three shares of stock.

Applicant now seeks permission to issue \$20,000 of its common capital stock to A. Van Aalst and S. V. Hunsaker, share and share alike, to reimburse said A. Van Aalst and S. V. Hunsaker for moneys advanced by them to applicant to acquire and construct the properties described in Exhibit No. 1 and finance the cost of new water systems and additions and betterments to its existing water systems. It is

our opinion that applicant should be permitted to issue against its existing water systems \$11,000 of stock, \$300 of which has heretofore been authorized by the Commission.

A. Van Aalst, president of Bellflower Land and Water Company, testified that a tract of land comprising about five acres lying between Unit C and Unit B was being surveyed for subdivision purposes and that applicant may be requested to install a water system on this tract. The cost of this system, he estimates at about \$1,000. Applicant has no certificate of public convenience and necessity authorizing it to construct, maintain and operate a water system on said tract of land. Neither has it applied for such a certificate. We do not believe it appropriate for the Commission to authorize applicant to issue stock to pay the cost of a water system to be installed in an area that is not covered by its certificate of public convenience and necessity.

A. Van Aalst also testified that applicant may have to incur additional expenses to connect consumers to its existing distribution system. For this purpose the order will authorize the issue of \$1,000 par value of stock.

ORDER

The Commission having considered the requests of Bellflower Land and Water Company and it being of the opinion that said company should be permitted to issue \$11,700 par value of its common capital stock for the purposes hereafter stated; that the issue of such stock is reasonably required by applicant to finance the cost of its existing properties and for the purpose of constructing additions and betterments to existing properties; that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or

to income, and that applicant should be granted a certificate of public convenience and necessity, as referred to herein, therefore,

IT IS HEREBY ORDERED, that Bellflower Land and Water Company be, and it hereby is authorized to issue at not less than its par value, on or before June 30, 1940, \$11,700 par value of its common capital stock for the following purposes:-

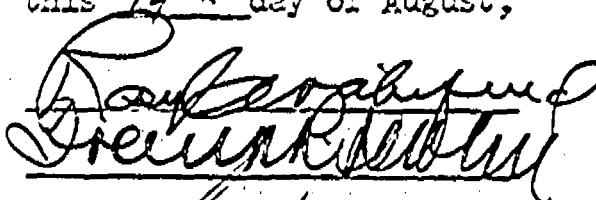
- A. To pay indebtedness incurred for the purpose of constructing and acquiring the properties it now owns \$10,700
- B. To pay the cost of additions and betterments to properties it now owns, properly chargeable to fixed capital account, under the uniform system of accounts prescribed by the Railroad Commission 1,000

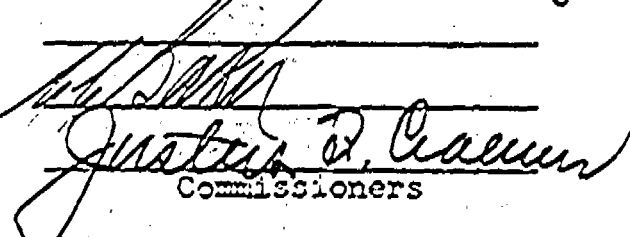
THE COMMISSION HEREBY DECLARES that public convenience and necessity require, and will require, Bellflower Land and Water Company to construct, maintain and operate a public utility water system in Tract No. 1, referred to in this application, therefore,

IT IS HEREBY FURTHER ORDERED, that a certificate of public convenience and necessity for said purpose is hereby granted to said Bellflower Land and Water Company.

IT IS HEREBY FURTHER ORDERED, that applicant shall keep such record of the issue, sale and delivery of the stock herein authorized 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-A, which order insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 19th day of August, 1939.




Gustav D. Craun
Commissioners