

Decision No. 31908

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
ARENAL WATER COMPANY,
for an extension of time within which
to sell and enlargement of the pur-
poses of sale of stocks.

Application No. 22594

George H. Harlan, by N. Charles Brusatori,
for applicant.

BY THE COMMISSION:

FIRST SUPPLEMENTAL OPINION

In a supplemental petition filed in the above entitled matter, Arenal Water Company, a corporation, has requested the Commission to enter an order extending the time within which it might issue and sell the stock authorized by the original order in this proceeding (Decision No. 31908, dated April 11, 1939) and permitting it to use the proceeds from the sale of said stock for purposes other than those specified in said order.

In the original application Arenal Water Company requested permission to issue common stock and notes in the aggregate amount of \$5,500 for the purpose of financing the cost of acquiring and constructing water properties for service in Stinson Beach, Marin County, California. The Commission thereafter, in Decision No. 31908, dated April 11, 1939, held in abeyance the request of the company to issue notes and authorized it to issue and sell on or before March 1, 1940, at not less than par value, \$5,500 of common stock and to use the proceeds, or the stock, to pay organization expenses, to finance the purchase of a three acre

tract of land and to pay the costs of developing a spring located thereon, of erecting a 30,000 gallon redwood tank, and of installing a transmission line from the spring to connect with the distributing system. The transfer of the distributing system from A. H. Upton, the former owner, to Arenal Water Company was authorized by Decision No. 31909, dated April 11, 1939, in Application No. 22628.

The company now reports that pursuant to the authority granted by the Commission, it has acquired the distributing system, has issued and sold \$3,070 of its stock and has used the proceeds in the purchase and erection of the tank and foundation, the improvement of the spring which constitutes its source of supply, the installation of its transmission line and the payment of organization expenses. It appears that in addition to the stock, the company has issued a short term note for \$909.33 to California Corrugated Culvert Company in evidence of an unpaid balance on the purchase of pipe.

The company has not yet acquired the three acre tract of land. The record in this connection shows that such land was acquired by George H. Harlan, one of its stockholders, for \$1,500, and that he has agreed to transfer it to the corporation at the same price. Accordingly, the company proposes to enter into an agreement to repay to Mr. Harlan the \$1,500 advanced by him on or before three years with interest at the rate of six per cent per annum.

Applicant reports that its present source of supply will not be adequate for its needs and that it has made arrangements to purchase additional water from the William Kent Estate

Company which owns certain springs near Stinson Beach. It is estimated that applicant will be called upon to expend approximately \$500 to install a two-inch line to connect its system with the Kent Estate properties.

The company has requested additional authorization to issue and sell the remaining \$2,430 of stock authorized by Decision No. 31908, but as yet unissued, to finance the cost of the two-inch line and to pay in part its outstanding indebtedness.

FIRST SUPPLEMENTAL ORDER

Arenal Water Company, a corporation, having applied to the Railroad Commission for a further order in this proceeding, a public hearing having been held before Examiner Foster, and the Commission being of the opinion that the money, property or labor to be procured or paid for through the execution of the agreement or the issue of the note and stock herein authorized is reasonably required for the purposes specified herein and that the expenditures for such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Arenal Water Company, a corporation, be, and it hereby is, authorized to execute an agreement with, or issue a note to, George E. Harlan, providing for the payment of \$1,500 on or before three years after the date thereof, with interest at the rate of six per cent per annum, for the purpose of financing the cost of the three acre tract of land referred to in the Opinion preceding this Order.

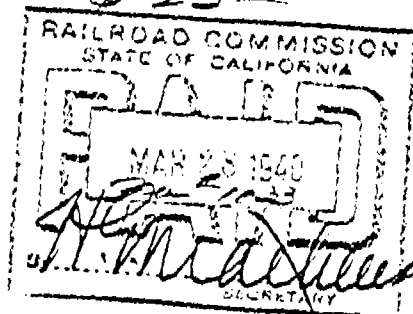
IT IS HEREBY FURTHER ORDERED that Arenal Water Company, a corporation, be, and it hereby is, authorized to issue and sell,

on or before March 1, 1941, at not less than the par value thereof, the remaining \$2,430 of common stock authorized by Decision No. 31908, dated April 11, 1939, but now unissued, and to use approximately \$500 of the proceeds to finance the cost of the pipe line to connect its distributing system with the water supply to be acquired from the William Kent Estate Company, approximately \$909 of the proceeds to pay the indebtedness due California Corrugated Culvert Company and the remaining proceeds to pay in part the \$1,500 indebtedness due George H. Harlan.

IT IS HEREBY FURTHER ORDERED that applicant shall keep such record of the issue of the stock and note 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.

IT IS HEREBY FURTHER ORDERED that the authority herein granted to issue stock shall become effective upon the date hereof, and that the authority to execute an agreement or issue a note shall become effective when applicant has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is Twenty-five (\$25.00) Dollars.

Dated at San Francisco, California, this 12th day of March, 1940.



Ray L. Riley
Frank D. Smith
Robert Hubbard
J. P. Miller
Justice F. Cooney
 Commissioners