

Decision No. 22318

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application
of PALM SPRINGS WATER COMPANY, a
corporation, to sell stock

Application No. 23318

BY THE COMMISSION:

O P I N I O N

In this proceeding, Palm Springs Water Company asks permission to issue and sell at \$100 per share 70 shares of its common capital stock and use the proceeds to pay in part the cost of constructing a reservoir to which reference will hereinafter be made.

Palm Springs Water Company is a corporation organized and established under the laws of the State of California. It is a public utility engaged in the business of supplying water to consumers in the City of Palm Springs and adjacent territory. The company as of December 31, 1939 reports assets and liabilities as follows:

<u>ASSETS</u>	
Fixed Capital	\$522,868.35
Cash	2,518.33
Accounts Receivable	7,231.89
Materials and Supplies	<u>8,033.25</u>
Total assets	\$540,651.82
<u>LIABILITIES</u>	
Capital Stock	\$215,000.00
Accounts Payable	7,926.89
Dividends Declared	13,600.00
Consumers' Advances for Construction	42,114.63
Donations in Aid of Construction	32,606.08
Reserve for Accrued Depreciation	81,748.23
Capital Surplus	67,033.45
Corporate Surplus Unappropriated	<u>80,622.54</u>
Total liabilities	\$540,651.82

The fixed capital as reported by applicant includes \$84,151 for franchises and water rights. It also includes amounts expended in 1939 for properties which are not yet being used by applicant in supplying water to its consumers.

It will be noted that the company has no bonds or notes outstanding. For 1939 it reports operating revenues of \$81,876.86, and its net income, that is the amount available for dividends and surplus, at \$31,085.76.

It is of record that Palm Springs Water Company has heretofore constructed two reservoirs on Section 3, Township 4 South, Range 4 East, S.B.B.M., one of which has a capacity of about 300,000 gallons and the other a capacity of 1,400,000 gallons. It has a third reservoir on Section 27, Township 4 South, Range 4 East, S.B.B.M., which has a capacity of about 700,000 gallons. Because of the increased demand for water in the area served by applicant, it believes that it should have larger storage capacity, and it, therefore, proposes to erect a third reservoir on Section 3 with a capacity of about 1,500,000 gallons. The cost of this reservoir is estimated at \$13,916.50. To pay part of such cost, the company asks permission, as stated, to issue and sell 70 shares of its common stock for the sum of \$7,000. The balance of the cost it intends to pay from its earnings. A copy of the plan of the reservoir and a copy of the construction specifications were filed with the Commission on March 26, 1940.

O R D E R

The Railroad Commission of the State of California having considered applicant's request for permission to issue

and sell \$7,000 of its par value common capital stock, and it being of the opinion that this is not a matter on which a hearing is necessary, that the money, property or labor to be procured or paid for by the sale of said stock is reasonably required for the purpose herein stated, that the expenditures for said purpose are not in whole, or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted, therefore

IT IS HEREBY ORDERED that Palm Springs Water Company be, and ^{it} is, hereby authorized to issue and sell, after the effective date hereof and on or before June 30, 1940, at not less than par, \$7,000 of its common capital stock and use the proceeds for the purpose of paying in part the cost of the reservoir to which reference is made in this application and which is more particularly described in the plans and specifications filed with the Commission ^{on} March 26, 1940.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective fifteen (15) days after the date hereof.

IT IS HEREBY FURTHER ORDERED that Palm Springs Water Company shall file with the Railroad Commission of the State of California reports in compliance with the 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 2nd day of April, 1940.

Ray L. Riley
Frank D. Allen
Robert J. ...
Justice J. Creever
Commissioners.