

Decision No. 37935

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

**ORIGINAL**

In the Matter of the Application of  
PEERLESS LAND AND WATER CO. for an  
order to authorize issue of stock.

Application  
No. 26703

BY THE COMMISSION:

L. D. Uhlman, for applicant.

O P I N I O N

In this application, Peerless Land and Water Co. asks permission to issue 19,906 shares of its capital stock at the par value of \$1.00 per share to pay indebtedness and to assume the payment of indebtedness in the amount of \$2,042.00.

The Commission by Decision No. 34063, dated April 1, 1941, and by Decision No. 34694, dated October 28, 1941, granted applicant certificates of public convenience and necessity authorizing it to construct, maintain and operate public utility water systems in the areas described in said decisions. Applicant is serving water to about 483 consumers. Its 1944 operating revenues are reported at \$8,632.87, and its operating expenses at \$8,725.75.

As of April 1, 1945, applicant in Exhibit "C" reports its assets and liabilities as follows:

ASSETS

Fixed capital	\$23,815.53
Other investments	10.00
Cash on hand and in bank	523.83
Accounts receivable	1,137.98
Deficit	<u>2,307.48</u>
Total assets and deficit	\$27,794.82

LIABILITIES

Deed of trust	\$ 2,042.00
Advances due C. L. Zastrow	17,917.22
Accounts payable C. L. Zastrow	384.84
Accounts payable Sarah G. Zastrow	1,304.07
Consumers' deposits	696.50
Accrued interest	1,567.76
Accrued payroll taxes	282.02
Reserve for depreciation	3,589.78
Reserve for amortization	<u>10.63</u>
Total liabilities	\$27,794.82

It will be observed that applicant has no stock outstanding. The testimony shows that C. L. Zastrow has advanced applicant \$17,917.22 and further that applicant owes C. L. Zastrow \$384.84 and Sarah G. Zastrow \$1,304.07 for unpaid salary. It further owes them \$1,567.76 for interest. Applicant proposes to issue to C. L. Zastrow and Sarah G. Zastrow \$19,906 par value of its capital stock in consideration of said C. L. Zastrow and Sarah G. Zastrow cancelling all indebtedness owing by applicant to them. Applicant's investment in its properties warrants the stock issue. It should be understood, however, that we are not in this decision finding a value of applicant's properties for the purpose of fixing its rates.

In 1944, C. L. Zastrow and Sarah G. Zastrow deeded to applicant Lot 99 of Tract No. 12736, County of Los Angeles, State of California, as per map recorded in Book 243, pages 17

and 18 of maps, in the Office of the County Recorder of said County. The property was transferred to applicant subject to a deed of trust (Exhibit E) securing the payment, at the time of the transfer of a \$2,199.89 loan, payable to First Federal Savings and Loan Association of Bellflower. The property is used by applicant as an office building. The testimony shows that the value of the property is in excess of the balance due on the loan. Applicant asks permission to assume the payment of the loan.

O R D E R

A public hearing having been held in the above entitled application by Examiner Fankhauser and the Commission being of the opinion that the money, property, or labor to be procured or paid for by the issue of 19,906 shares (par value \$19,906) of stock by Peerless Land and Water Co. for the purpose of paying indebtedness is reasonably required by applicant and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted; therefore,

IT IS ORDERED that Peerless Land and Water Co. may, on or before September 30, 1945, issue 19,906 shares of its capital stock of a par value of \$1 per share to C. L. Zastrow and Sarah G. Zastrow in consideration of the said C. L. Zastrow and Sarah G. Zastrow cancelling all indebtedness owing by applicant to them.

IT IS FURTHER ORDERED that Peerless Land and Water Co. may assume the payment of the balance due under the deed of trust on file in this application as Exhibit "C."

IT IS FURTHER ORDERED that Peerless Land and Water Co. shall file a report required by the Commission's General Order No. 24-A, which order in so far as applicable is made a part of this order.

IT IS FURTHER ORDERED that this order is effective upon the date hereof.

Dated at San Francisco, California, this 29<sup>th</sup> day of May, 1945.

Harold Anderson  
Justin J. Cresswell  
Richard H. Baker  
Frank W. Allen  
John H. Lowell  
Commissioners