

Decision No. 38419

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

**ORIGINAL**

In the Matter of the Application of )  
PARK WATER COMPANY for an Order :  
Authorizing the Issuance and Sale of )  
7000 Shares of its Capital Stock. :  
----- )

Application  
No. 27000

PAUL OVERTON, for applicant.

BY THE COMMISSION:

O P I N I O N

In this application, Park Water Company asks permission to issue and sell 7000 shares of its capital stock at their par value, to wit, \$25 per share, and use the proceeds to pay indebtedness and acquire and construct additions and betterments to its properties.

Park Water Company has an authorized capital stock issue of 20,000 shares of the par value of \$25 each, or of the aggregate par value of \$500,000. Under previous decisions of the Commission, it has issued \$175,000 par value of stock. This stock is owned by the following:

H. H. Wheeler	3,500 shares
V. E. Motz	3,100 "
O. D. Collins	400 "

The company operates several domestic water systems in non-contiguous areas in Los Angeles County, with offices at 2406 E. Rosecrans Avenue, Compton, California. At the end of

1944 it reports 4437 active service connections. For 1944 applicant reports operating revenues, operating expenses, non-operating revenues and net income as follows:

Operating revenues	\$93,839.44
Operating expenses	81,636.01
Net operating revenues	12,203.43
Rent from buildings, land and apparatus	1,080.00
Gross income	13,283.43
Less uncollectible revenues	405.50
Net income	\$12,877.93

As of June 30, 1945, the company's balance sheet shows assets and liabilities as follows:

ASSETS

Fixed capital	\$361,113.11
Cash and deposits	19,640.89
Accounts receivable	5,851.09
Total assets	<u>\$386,605.09</u>

LIABILITIES

Capital stock	\$175,000.00
Notes payable	115,000.00
Accounts payable	5,846.37
Accrued taxes	5,313.04
Service billed in advance	5,341.40
Reserve for accrued depreciation	30,694.58
Corporate surplus	49,409.70
Total liabilities	<u>\$386,605.09</u>

The amount reported under notes payable in the balance sheet is on applicant's books recorded under installments on stock subscriptions. It represents moneys advanced to the company by H. E. Wheeler for the purpose of enabling the company to extend its water systems.

Applicant in Exhibit "C" reports expenditures for additions and betterments of \$130,772.59, while in Exhibit "C-1" it reports proposed expenditures for additions and betterments in the amount of \$48,847.70, making a total of \$179,620.29. It is

for the purpose of financing in part this actual or estimated expenditure for additions and betterments that applicant seeks permission to issue and sell \$175,000 par value of its stock. The stock will be offered to applicant's stockholders at par. They have indicated that they will acquire the stock at that price. No commissions or selling expenses will be incurred in connection with the sale of the stock. Proceeds in the amount of \$115,000 will be used to pay the indebtedness due H. H. Wheeler. The remaining proceeds will be used to reimburse the company's treasury because of income expended for additions and betterments or to pay the cost of additions and betterments to its properties..

O R D E R

A public hearing having been held on this application before Examiner Fankhauser, and the Commission having considered the evidence submitted at such hearing and it being of the opinion that the money, property or labor to be procured or paid for by Park Water Company through the issue of 7000 shares of its capital stock is reasonably required by it for the purposes herein stated, that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED as follows:

1. Park Water Company may, on or before December 31, 1946, issue and sell at not less than their par value, to wit, \$25 per share, 7000 shares of its capital stock, and use the

proceeds to pay indebtedness in the amount of \$115,000 to which reference is made in the foregoing opinion, and to pay the cost of the proposed additions and betterments described in Exhibits "C" and "C-1" on file in this proceeding, and reimburse its treasury because of income expended for the purpose of acquiring and constructing said additions and betterments.

2. Park Water Company shall file with the Railroad Commission such reports as are required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. The authority herein granted is effective upon the date hereof.

Dated at San Francisco, California, this 20<sup>th</sup> day of November, 1945.

David Anderson  
Justin F. Casper  
Francis J. Case  
James R. Case  
Harold S. Huls  
Commissioners