

Decision No. 40494

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of)
SAN JOSE HILLS WATER COMPANY, a)
Corporation, for a Certificate of)
Public Convenience and Necessity to)
conduct certain water corporation)
operations; for authority to issue)
stock; and for authority to issue)
notes.)
-----)

Application
No. 28412

O P I N I O N

San Jose Hills Water Company, applicant herein, is a corporation organized on or about June 12, 1944, under the laws of the State of California, and now engaged in the distribution of water in Los Angeles County.

Heretofore, by Decision No. 37556, dated December 19, 1944, in Application No. 26305, and by Decision No. 38858, dated April 16, 1946, in Application No. 27231, the Commission granted to applicant certificates of public convenience and necessity to operate a public utility water system in certain portions of Los Angeles County in service areas specifically set forth and described in these decisions, and, in addition, authorized it to issue, in the aggregate, 2,250 shares of capital stock, without par value, at \$10.00 a share, for the purpose of financing, in part, the cost of constructing and installing its water system.

Thereafter, the company undertook the construction and operation of its water properties. In 1945 it reported service to 42 consumers and revenues of \$308, and in 1946, service to 135

consumers and revenues of \$2,834. It reported its assets and liabilities, as of February 28, 1947, as follows:

Assets

Investment in fixed capital	\$140,616.51
Construction work in progress	3,678.51
Cash in bank	2,524.96
Due from consumers	518.22
Notes receivable	175.00
Special deposits	<u>100.00</u>
Total	<u>\$147,613.20</u>

Liabilities

Capital stock	\$ 22,500.00
Accounts payable	5,299.30
Consumers' advances for construction	117,009.04
Donations in aid of construction	1,976.05
Reserve for depreciation and amortization	<u>2,648.64</u>
Corporate deficit	<u>(1,819.83)</u>
Total	<u>\$147,613.20</u>

In the present application, as amended, the company requests an additional certificate of public convenience and necessity to extend its service area and, also, authority to issue 2,750 shares of capital stock, at \$10.00 a share, and \$40,000 of unsecured 6 percent notes to pay indebtedness and to finance construction costs in its present service areas. It reports the need at this time for \$67,500 in cash for the following purposes:

1. To pay a 90 day 5% note issued on May 25, 1947, to pay for materials and supplies	\$10,000.00
2. To pay accounts payable incurred in the purchase of materials and supplies	24,618.31
3. To repay advances for construction used in extensions of water mains	13,883.00
4. To construct extensions to additional consumers	7,949.69
5. To install 220 services for new consumers	<u>11,049.00</u>
Total	<u>\$67,500.00</u>

The company asks the Commission to enter an ex parte order on its request to issue stock and notes. On this point, the application clearly shows that demands for service from the company's lines are increasing rapidly. It is reported that it had 161 active service connections in January, 1947, and 314 on June 1, 1947, with 74 additional applications for service in the first twenty-six days in June.

It thus appears that applicant has need for additional funds to meet its capital requirements at the present time and an order accordingly will be entered on that portion of the present application referring to the issue of stock and notes. Such an order is being entered at this time to assist applicant in furnishing water service without delay. The Commission is not, in this decision, passing on the company's request to extend its service area. So far as the requested certificate of public convenience and necessity is concerned, a public hearing will be held at a later date on that portion of the application. Whether or not the Commission will grant the additional certificate will depend, of course, on the showing to be made by the company at that time.

O R D E R

The Public Utilities Commission having considered the request of San Jose Hills Water Company to issue stock and notes and being of the opinion that the money, property or labor to be procured or paid for through the issue by the company of 2,750 shares of stock and \$40,000 of notes is reasonably required for

the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expense or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. San Jose Hills Water Company, after the effective date hereof and on or before October 31, 1947, may issue and sell 2,750 shares of its capital stock, at \$10.00 a share, and \$40,000 of unsecured 6 percent notes, payable on or before five (5) years after date of issue, for the purpose of repaying indebtedness and advances incurred in the construction of its water properties located in the service areas described in the certificates of public convenience and necessity granted to it by Decision No. 37556 and Decision No. 38858, and to finance the cost of additions and extensions in such service areas.

2. San Jose Hills Water Company shall file a report, or reports, of the issue of such stock and notes, and of the disposition of the proceeds, as 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 will become effective when San Jose Hills Water Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Forty (\$40.00) Dollars.

Dated at San Francisco, California, this 8th day
of July, 1947.

Harold P. Hule
Justus F. Carver
James H. Powell
A. J. [unclear]
Samuel [unclear]
 Commissioners

