

ORIGINAL

Decision No. 41684

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of MIDWICK WATER COMPANY for an :
Order Authorizing Issue and Sale)
of Stock. :
-----)

Application
No. 29285

Overton, Selig & Wilson, by Paul Overton,
for Applicant.

O P I N I O N

Midwick Water Company has applied to the Public Utilities Commission for authority to issue and sell at \$100 a share, 750 shares of its no par value common capital stock for the purpose of acquiring and installing public utility water properties.

Midwick Water Company is a corporation organized and existing under and by virtue of the laws of the State of California. By Decision No. 39412, dated September 17, 1946, the Commission granted it a certificate of public convenience and necessity to construct and operate a public utility water system for the distribution and sale of water within the unincorporated area known as Midwick Country Club, comprising a region of about 198 acres adjoining the Cities of Monterey Park and Alhambra.

Applicant's financial statement for the year 1947 shows operating revenues of \$7,587.91 and net operating revenues of \$283.51. On December 31, 1947, Applicant had 151 active service connections. Its assets and liabilities as of December 31, 1947,

are reported as follows:

Assets

Fixed capital	\$111,207.01
Cash	9,415.17
Accounts receivable	369.46
Prepaid expenses	<u>126.06</u>
Total assets	<u>\$121,117.70</u>

Liabilities

Capital stock	\$ 99,000.00
Accounts payable	1,895.64
Taxes accrued	170.00
Reserve for depreciation	22,225.44
Deficit	<u>(2,173.38)</u>
Total liabilities	<u>\$121,117.70</u>

Applicant's water properties now in service include two wells with a combined output of 438 gallons per minute, a concrete reservoir and a steel tank of a combined capacity of 575,000 gallons, approximately 16,000 feet of distribution mains and 151 meters and service connections.

The testimony shows that Applicant needs additional capital for the acquisition, construction, extension and improvement of its facilities. The amount is in Exhibit "B" segregated as follows:

New reservoir roof	\$ 6,500
New pipe lines for distribution of water in Tract No. 14949 now under development for about 267 lots	44,039
270 meters, average cost	6,750
270 meter boxes	405
Installation of meters	2,700
New booster pump and reconditioning of one pump	1,000
Reconditioning and renewing the second well pump	800
Transportation equipment	2,500
Construction of combination office and superintendent's home	<u>10,000</u>
Total	<u>\$74,694</u>

It is of record that it has become necessary for Applicant to replace a reservoir roof, the cost of which is reported at \$6,500. It has let a contract to install a water distribution system in Tract No. 14949 to supply water to about 267 lots. The contract price is \$41,942, to which Applicant adds 5% or \$2,097 for contingencies, making a total cost of \$44,039. Applicant allows the purchasers of lots to select the size of meters they desire. To date the majority of Applicant's consumers have selected 3/4-inch meters. The estimated cost of meters, meter boxes and the installation of meters is predicated on Applicant's past experience. Applicant has acquired an automobile. It expects to construct an office and superintendent's home during the current year at a cost of \$10,000.

Applicant has an authorized stock issue of 1,200 shares of no par value. Pursuant to the authority granted by Decision No. 39412, dated September 17, 1946, Applicant issued and sold at \$100 a share, 990 shares of capital stock. The shares are owned by the following:

J. R. Garrett	330
C. M. Cooper	330
L. B. Gibbs	330

In this application, Applicant asks permission to issue and sell at \$100 a share, 750 shares of its capital stock. The additional shares will be acquired by Applicant's present stockholders. It is Applicant's intention to amend forthwith its Articles of Incorporation to increase its authorized stock issue.

ORDER

The Public Utilities Commission having considered the evidence submitted at the hearing had on this application, and it

being of the opinion that the money, property or labor to be procured or paid for by the Midwick Water Company through the issue of not exceeding 750 shares of stock is reasonably required by it for the purposes specified herein, that the expenditures for said purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. Midwick Water Company, after the effective date hereof and on or before December 31, 1948, may issue and sell at not less than \$100 a share, not exceeding 750 shares of its common stock, and use the proceeds to pay for the acquisition, construction, extension and improvement of its properties referred to in Exhibit "B" on file in this application.
2. Midwick Water Company shall keep such record of the issue of the stock 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 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 Midwick Water Company has filed with the Commission a certified copy of its amended Articles of Incorporation increasing its authorized stock issue to not less than 1,740 shares.

Dated at San Francisco, California, this 8th day
of June, 1948.

R. F. Anderson
Justin J. Calver
Joseph H. Powell
Harold H. Kule
Herbert Potters
Commissioners