

# ORIGINAL

Decision No: 42176

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )	
of MIDWICK WATER COMPANY for an )	Application
Order Authorizing Issue and Sale )	No. 29285
of Stock. )	(First Supplemental)
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## FIRST SUPPLEMENTAL OPINION AND ORDER

In a supplemental application filed in the above entitled matter on October 13, 1948, Midwick Water Company has applied to the Commission for authority to use for working capital \$5,000 of the proceeds from the issue and sale of the stock heretofore authorized by Decision No. 41684, dated June 8, 1948.

Midwick Water Company, a corporation organized on or about May 20, 1946, has been and is engaged in the construction and operation of a public utility water system within the unincorporated area known as Midwick Country Club.<sup>(1)</sup> By said Decision No. 41684 it was authorized to issue and sell, at not less than \$100 a share, on or before December 31, 1948, 750 shares of its no par value common stock and to use the proceeds to pay for the acquisition, construction, extension and improvement of its facilities, as set forth in some detail in that decision. Reports filed with the Commission show that 360 of

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(1) The company's 1947 annual report shows 151 active service connections at the close of the year and investment in fixed capital at \$111,207. It shows operating revenues of \$7,587 during 1947 and net income of \$284.

said shares had been sold, for \$100 a share, up to the close of September, 1948.

In an earlier decision (No. 39412, dated September 17, 1946) the Commission had authorized the company to issue and sell 1,000 shares of stock, at \$100, a share, of which 990 shares thereafter actually were issued and sold, for the purpose of purchasing property, of paying for extensions, materials and supplies and of providing working capital of approximately \$5,000. The company reports that all of the proceeds received from the sale of said 990 shares have been expended but that the urgent demand for new construction called for the use of the entire amount, leaving no proceeds available for working capital. Accordingly, it has requested authority to use not exceeding \$5,000 of the proceeds from the sale of stock authorized by Decision No. 41684 as and for working capital.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary, that Midwick Water Company should be authorized to use said \$5,000 of stock proceeds to improve and maintain its service, that is, for working capital, and that the expenditures for said purpose are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED that the order in Decision No. 41684, dated June 8, 1948, be, and it hereby is, modified so as to permit Midwick Water Company to use, on and after the date hereof, not exceeding \$5,000 of the proceeds received, or to be received, from the issue and sale of the stock authorized by said

decision, to improve and maintain its service.

Dated at San Francisco, California, this 26<sup>th</sup> day  
of October, 1948.

Q. Z. Indurain  
Justus J. Quisenberry  
Walter P. Russell  
Harold P. Huls  
Kenneth Pottel  
Commissioners