

Decision No. 42743

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 NEWEALL WATER COMPANY, a corporation,)
 for Authorization to Issue Additional)
 Common Stock.)
 -----)

Application
 No. 30911

O P I N I O N

In this application, Newhall Water Company asks permission to issue and sell, for the purposes hereafter stated, at \$100 per share, 110 shares of its common stock.

Applicant is engaged in the business of selling water in the town of Newhall and in the vicinity thereof. As of November 30, 1949, it reports assets and liabilities as follows:

Assets

Fixed capital	\$141,897.79
Construction work in progress	8,986.84
Cash	435.68
Due from consumers	3,288.82
Miscellaneous accounts receivable	1,646.37
Materials on hand	2,650.89
Deferred taxes	16.62
Prepaid insurance	36.57
Unamortized discount and expense on securities	593.92
Total assets	<u>\$159,553.50</u>

Liabilities

Capital stock, common	\$ 49,000.00
First mortgage bonds	41,000.00
Notes payable	5,600.00
Accounts payable	13,598.29
Consumers' guarantee deposits	731.97
Accrued interest	1,106.89
Accrued taxes	1,424.71
Accrued insurance	101.55
Advances in aid of construction	4,867.10
Donations in aid of construction	326.47
Reserve for accrued depreciation	37,773.56
Reserve for gas engine repairs	356.10
Suspense account-old uncashed checks	75.24
Corporate surplus	<u>3,591.62</u>

Total liabilities \$159,553.50

For the three years and 11 months ending November 30, 1949, applicant reports operating revenues and expenses as follows:

Item	1946	1947	1948	1949 Eleven Months
Operating revenues	\$20,044.00	\$21,983.84	\$25,053.45	\$28,918.31
Operating expenses	<u>14,184.52</u>	<u>14,839.93</u>	<u>17,512.48</u>	<u>23,310.70</u>
Net operating revenues	5,859.48	7,143.91	7,540.97	5,607.61
Other income	- -	- -	- -	120.18
Less interest and other fixed charges	<u>2,856.24</u>	<u>2,939.84</u>	<u>2,782.71</u>	<u>2,611.48</u>
Net income	\$ 3,003.24	\$ 4,204.07	\$ 4,758.26	\$ 3,116.31
Active service connections	638	685	751	758

During 1946 and 1947 applicant paid dividends on its stock at the rate of 6% per annum, during 1948 at the rate of 5-1/2%, and during 1949 at the rate of 2%.

Applicant's petition shows that in order to be in a position to meet the demand for water in its service area, it drilled and equipped, during 1949, a new well (No. 6) at a cost of \$8,960.81 and made other improvements to its system costing about \$2,975.

Applicant desires to use the proceeds obtained from the issue and sale of said 110 shares of common stock to pay the cost of

drilling and equipping the new well, to pay indebtedness or to maintain and improve its service. It intends to sell said shares of stock to its present shareholders or to other residents in the town of Newhall.

The record in this application clearly shows that applicant has need for the proceeds which it will obtain through the issue and sale of said 110 shares of common stock.

O R D E R

The Commission having considered this application and it being of the opinion that a hearing thereon is not necessary, that the money, property or labor to be procured or paid for by the issue of 110 shares of common stock by Newhall Water Company is reasonably required by said Newhall Water Company for the purposes herein stated, which 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. Newhall Water Company may issue and sell, after the effective date hereof and on or before June 30, 1950, at not less than \$100 per share, not exceeding 110 shares of its common stock, and use the proceeds to pay the cost of drilling and equipping Well No. 6, to pay indebtedness, and extend and improve its public utility water properties.

2. Newhall Water Company shall file with the Commission monthly reports 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 twenty (20) days after the date hereof.

Dated at Los Angeles, California, this 1st day of February, 1950.

A. E. [Signature]
Justus J. Greener
Charles D. [Signature]
Harold H. [Signature]
Benjamin P. [Signature]
Commissioners