

ORIGINAL

Decision No. 45698

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
San Jose Hills Water Company, a)
corporation, for authority to issue)
stock.)
-----)

Application
No. 32343

O P I N I O N

San Jose Hills Water Company asks the Commission to enter its order authorizing it to issue and sell, for the purposes hereinafter stated, at \$10 per share, 2,000 shares, or such other number of shares as the Commission may determine, of its no par value common stock, and to issue and sell, at \$100 per share, 500 shares, or such other amount as the Commission may determine, of its 5½% cumulative preferred stock.

Applicant is a corporation organized and existing under and by virtue of the laws of the State of California. It owns and operates a public utility water system in Los Angeles County serving the territory within and adjacent to West Covina. In Exhibit C attached to the application, it reports for the year ended December 31, 1950, operating revenues of \$48,975.32, operating expenses of \$45,182.91, and net profit of \$3,792.41. For the year 1947, applicant reported operating revenues of \$11,355.04, operating expenses of \$12,994.52, and operating loss of \$1,639.48. Comparing the results of operations for the two periods reveals the rapid growth of this company over the past four years, as does the fact that the company had, at the beginning of 1947, 139 connected services whereas on December 31, 1950, it had 1,579 connected services. As of December 31, 1950, applicant reports, in Exhibit A attached to the

application, assets and liabilities as follows:

Assets

Fixed assets, less depreciation reserve	\$455,877.64
Cash	10,661.42
Other current assets	<u>5,776.68</u>
Total assets	<u>\$472,315.74</u>

Liabilities

Preferred capital stock	\$ 50,000.00
Common capital stock	50,000.00
Consumers' advances and donations	272,729.03
Current liabilities	99,050.57
Surplus	<u>536.14</u>
Total liabilities	<u>\$472,315.74</u>

Applicant has issued and sold, at \$10 per share, under Commission authority, 5,000 shares of its no par value common stock. Its annual report to this Commission for the year 1950 shows the shares are owned by the following:

Camille A. Garnier
 Constance A. Garnier
 June G. White
 C. H. Deitz
 E. S. Galster
 Augusta Galster
 Garnier Construction Company
 Homer Randall

Applicant's articles of incorporation, as amended, provide for an authorized issue of 100,000 shares of common stock without par value and 5,000 shares of preferred stock having a par value of \$100 per share. The preferred shares carry a dividend rate of 5½% and are callable at \$104, plus accrued dividends at the time of call. The articles provide that the holders of both common and preferred shares shall have voting rights. Each share of common stock shall be entitled to one vote and each share of preferred stock shall be entitled to ten votes.

At this time, applicant asks permission to issue and sell 2,000 shares of its no par value common stock at \$10 per share, and 500 shares of its 5 $\frac{1}{2}$ % preferred stock at \$100 per share, to net it the aggregate sum of \$70,000. The \$70,000 of proceeds to be realized from the sale of the capital stock will be used as follows:

- (1) To liquidate a current liability in the amount of \$36,444.98 which applicant incurred in connection with the purchase and construction of two pumping plant stations, chlorinator, and new services constructed during the months of January and February, 1951, together with expenditures made for the purchase of essential construction materials.
- (2) To liquidate a current liability in the amount of \$11,480 incurred in connection with the purchase of 287 meters and the installation of services in Tract 16472.
- (3) To provide funds of \$22,075.02 with which to purchase 257 meters and to cover the cost of installing services in Tract 17040, and for the purchase of a well and equipment located at Francisquito and Mullender Streets.

It appears that applicant proposes to sell the additional shares of common and preferred stock, if authorized by the Commission, to its present stockholders and to its employees.

ORDER

The Commission having considered the above entitled matter, and being of the opinion that a public hearing thereon is not necessary; that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for through the issue of the stock herein authorized is reasonably required by applicant for the purposes specified herein; and that such purposes are not, in whole or in part, reasonably chargeable to operating

expenses 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 December 31, 1951, may issue and sell, at not less than \$10 per share, 2,000 shares of its no par value common stock, and at not less than \$100 per share 500 shares of its 5½% cumulative preferred stock, and use the proceeds to pay indebtedness incurred in the acquisition and installation of its properties and to provide funds with which to finance future construction.

2. Applicant shall file with the Commission monthly reports as required by 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 San Francisco, California, this 15th day of May, 1951.

R. J. [Signature]
Justice F. Calver
Harold Hills
Ed. E. Mitchell
Commissioners