

ORIGINAL

Decision No. 46822

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
	:	
of)	
	:	
SANTA PAULA WATER WORKS, LTD.,)	Application
a corporation, for an Order	:	No. 33141
Authorizing it to Issue its)	
Preferred Stock in the Amount of	:	
\$63,000.00.)	
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O P I N I O N

Santa Paula Water Works, Ltd., applicant herein, is a California corporation engaged as a public utility in distributing and selling water for domestic, irrigation, industrial and other purposes in and about the City of Santa Paula. In this proceeding it seeks authorization to issue and sell, at par, 630 shares of its preferred stock of the aggregate par value of \$65,000 for the purpose of paying outstanding notes representing moneys borrowed for capital purposes. It proposes to offer said shares for sale to the holders of its outstanding shares of common stock.

Applicant has an authorized capital stock of \$750,000, divided into 7,500 shares of the par value of \$100 each segregated into 2,500 shares of 6½% cumulative non-participating preferred stock and 5,000 shares of common stock. Presently, it has outstanding 962 shares of preferred stock and 2,500 shares of common stock. During the last five years, according to the application, it has paid dividends on both classes of stock at the rate of 6½% per annum.

Exhibit A filed in this proceeding shows that up to the close of 1951 applicant had invested \$793,601.59 in its fixed capital

and that it had financed such investment, in part, through the issue of notes and its shares of preferred and common stock and through the investment of moneys represented by its depreciation reserve and earned surplus. Its financial position as of December 31, 1951, is indicated by its balance sheet as follows:

Assets

Current assets -		
Cash	\$ 427.48	
Accounts receivable	5,360.62	
Materials and supplies	<u>8,299.06</u>	
Total current assets		\$ 14,087.16
Fixed capital		793,601.59
Deferred charges		<u>2,813.03</u>
	Total	<u>\$810,501.78</u>

Liabilities

Current liabilities -		
Accounts payable	\$ 1,887.74	
Notes payable within one year	63,000.00	
Accrued liabilities	<u>11,211.14</u>	
Total current liabilities		\$ 76,098.88
Notes due after one year		16,000.00
Consumers' advances for construction		3,193.59
Reserve for depreciation		264,275.12
Preferred stock		96,200.00
Common stock		250,000.00
Surplus		<u>104,734.19</u>
	Total	<u>\$810,501.78</u>

Of the notes aggregating \$63,000 payable within one year, it appears that \$48,000, held by Security First National Bank, will become due April 1, 1952, and \$15,000, held by Farmers Irrigation Company, have become due or will become due later in 1952. The application shows that \$24,000 of such notes were issued to pay indebtedness incurred for construction prior to March 1, 1949, and that the remainder were issued to meet, in part, capital costs between that date and December 31, 1951. During this period, according to Exhibit C, applicant expended \$87,111.97 for the following purposes:

Pumping station buildings	\$ 1,377.29
Purification building	519.84
Wells	10,518.84
Pumping equipment	10,736.35
Chlorinating equipment	7,195.65
Transmission mains	2,434.87
Distribution mains	15,537.23
Reservoirs and tanks	11,676.45
Services	25,250.75
General equipment	<u>1,864.70</u>
Total	<u>\$87,111.97</u>

The application shows that applicant does not have funds available to pay the notes that have become due or are about to become due and that the holders of the outstanding shares of common stock are willing to advance the necessary amounts to pay these items of indebtedness and to accept shares of preferred stock.

O R D E R

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 shares of stock herein authorized is reasonably required by applicant for the purpose specified herein; and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Santa Paula Water Works, Ltd., after the effective date hereof and on or before December 31, 1952, may issue and sell not exceeding 630 shares of its preferred stock having a par value of \$100 each, at par for cash, for the purpose of discharging outstanding indebtedness.

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 11th day of March, 1952.

R. F. [Signature]
President
Justice F. [Signature]
Harold [Signature]
Walter E. [Signature]
Commissioners