Decision No. 49140

A. 34686 MMW

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of PACIFIC WATER CO., a California corporation, to issue Class C prefer- red shares under the provisions of Section 818 of the Public Utilities Code.) 11) 11) 11) 11)	Application No. 34686
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Pacific Water Co., applicant herein, is a California corporation engaged in the operation of public utility water systems in the counties of Los Angeles, Orange, Kern and San Bernardino. It has filed this application for authorization to issue, at par, \$12,960 of its Class C, 3% noncumulative preferred stock for the purpose of paying advances for construction.

Applicant was organized on June 3, 1953, as a consolidation of Mountain Properties, Inc. and Desert Water Company. Its capital stock as authorized by its articles of incorporation and the amounts outstanding are reported as follows:

	Authorized	Outstanding
Deschanned	<u>Shares</u> Amount	<u>July 31, 1953</u>
Preferred - Class A, 6%, \$10 par Class B, 5%, \$10 par Class C, 3%, \$10 par	10,000 \$ 100,000 60,000 600,000 	\$ 78,000 151,000
Total preferred Common, \$1 par	100,000 1,000,000 1,000,000 1,000,000	229,000 370,000
Total	1,100,000 \$2,000,000	<u>\$599,000</u>

The shares of Class B preferred stock are convertible at the option of the holders up to and including December 31, 1956, into shares of common on the basis of eight shares of common for each Class B share. Dividends on Class A and Class B shares are cumulative at the rates indicated but dividends on the Class C shares are noncumulative. Holders of all three classes of preferred shares are

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entitled to ten votes for each share held.

Exhibit A filed in this proceeding shows applicant's investment in its fixed and other assets as of July 31, 1953, and its sources of funds as follows:

<u>Assets</u>

Fixed capital less depreciation Current assets -	reserve	4	\$1,599,214.86
Cash Notes and accounts receivable		\$ 420.10 29,963.01	
Materials and supplies Other debits		33,755.56	
Total current assets		<u>4,207.11</u>	68,527.84
·	Total		\$1,667,742.70
Liabilities			

Notes payable Current liabilities Consumers' deposits Advances for construction Donations in aid of construction Capital stock and surplus \$ 524,810.20 15,129.33 10,241.50 437,202.31 73,213.99 <u>607,145.37</u> \$1,667,742.70

Total

Applicant now desires to issue 1,296 shares of its Class C preferred stock of the total par value of \$12,960. It reports that the subdivider of Tract 1671 in Kern County has advanced to it the sum of \$3,980 to cover the cost of pipe lines to serve the tract, that the owners of a subdivision known as Morongo Highlands in San Bernardino have advanced the sum of \$8,980, that these amounts have not been repaid and that the subdividers have agreed to accept shares of Class C stock in cancellation of the advances.

The Commission has considered this matter and is of the opinion that applicant's request to issue its shares for the purpose indicated should be granted, that the money, property or labor to be procured or paid for by such issue is reasonably required for such purpose and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. Accordingly, an order will be entered.

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ORDER

The Commission having considered this application and being of the opinion that a public hearing is not necessary, therefore, good cause appearing,

IT IS HEREBY ORDERED as follows:

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1. Pacific Water Co. may issue not exceeding 1,296 shares of its Class C preferred stock at par, on or before June 30, 1954, for the purpose specified in this application.

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 20 days after the date hereof.

Dated at San Francisco, California, this $\frac{297}{2}$ day of September, 1953.

Commissioners