

ORIGINAL

Decision No. 49216

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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, to Southeastern Builders, a)
 co-partnership.)
 -----)

Application
 No. 34778

O P I N I O N

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, \$6,500 of its Class C, 3% noncumulative preferred stock for the purpose of repaying amounts advanced to it for construction of facilities.

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:

	<u>Authorized</u>		<u>Outstanding</u>
	<u>Shares</u>	<u>Amount</u>	<u>July 31, 1952</u>
Preferred -			
Class A, 6%, \$10 par	10,000	\$ 100,000	\$ 78,000
Class B, 5%, \$10 par	60,000	600,000	151,000
Class C, 3%, \$10 par	30,000	300,000	-
Total preferred	100,000	1,000,000	229,000
Common, \$1 par	1,000,000	1,000,000	370,000
Totals	1,100,000	\$2,000,000	\$599,000

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 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:

Assets

Fixed capital less depreciation reserve		\$1,599,214.86
Current assets -		
Cash	\$ 420.10	
Notes and accounts receivable	29,963.01	
Materials and supplies	33,755.56	
Other debits	<u>4,389.17</u>	
Total current assets		<u>68,527.84</u>
	Total	<u>\$1,667,742.70</u>

Liabilities

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

By Decision No. 49140, dated September 29, 1953, applicant was authorized to issue \$12,960 of its Class C stock to finance the cost of extensions to its lines. It has not yet issued such stock.

Applicant now seeks authorization to issue an additional block of 650 shares of Class C stock. In support of its request, it reports that Southeastern Builders, a copartnership which has been engaged in subdividing Tract 1671 in Kern County, has advanced, or has agreed to advance, to it the sum of \$6,500 to pay for 924 feet of 6-inch transite pipe, 435 feet of 4-inch transite pipe and four fire hydrants and to accept shares of Class C stock in cancellation of the advance.

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.

O R D E R

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:

1. Pacific Water Co. may issue not exceeding 650 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 20th day of October, 1953.

R. F. Johnson
President

Justus F. Caswell
Lawrence Potter

John E. Blush

Gene Higgins
Commissioners