

**ORIGINAL**

Decision No. 49761

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application	)	
	)	
of	)	
	)	
SANTA PAULA WATER WORKS, LTD., a	)	Application
corporation, for an Order Author-	)	No. 35190
izing it to Issue its Common Stock	)	
in the Amount of \$100,000.00.	)	
-----	)	

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, 1,000 shares of its common stock of the aggregate par value of \$100,000 for the purpose of refunding outstanding indebtedness.

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 nonparticipating preferred stock and 5,000 shares of common stock. Presently, it has outstanding 1,592 shares of preferred and 2,500 shares of common stock. During the last five years, according to the application, it has paid dividends at the following rates:

<u>Year</u>	<u>Common</u>	<u>Preferred</u>
1949	6½%	6½%
1950	6½%	6½%
1951	6½%	6½%
1952	4½%	6½%
1953	5½%	6½%

In Exhibit A filed in this proceeding applicant reports its December 31, 1953, undepreciated investment in fixed capital at

\$999,791.30. It appears that this investment has been financed through the issue of notes and shares of common and preferred capital stock, through the use of consumers' advances and through the utilization of funds which may have been provided by its depreciation reserve and earned surplus. Applicant's financial position as of December 31, 1953, is reflected in the following balance sheet.

Assets

Current assets -			
Cash	\$	3,204.08	
Accounts receivable		6,304.05	
Material and supplies		<u>7,383.50</u>	\$ 16,891.63
Fixed capital			999,791.30
Deferred charges			<u>6,878.77</u>
		Total assets	<u>\$1,023,561.70</u>

Liabilities

Current liabilities -			
Accounts payable	\$	2,879.58	
Notes payable		199,000.00	
Accrued liabilities		<u>13,948.19</u>	\$ 215,827.77
Consumers' advances for construction			8,533.24
Reserve for depreciation			287,860.75
Preferred stock			159,200.00
Common stock			250,000.00
Surplus			<u>102,139.94</u>
		Total liabilities	<u>\$1,023,561.70</u>

The \$199,000 of notes payable reported under current liabilities include \$101,000 of notes held by Security-First National Bank which have or will become due within the first five months of 1954, and \$98,000 of demand notes which were issued to various payees in recent months to meet construction requirements. Applicant desires to refinance a portion of this outstanding indebtedness through the issue of permanent capital. It believes that because of the water rate increase granted to it by the Commission's Decision No. 49558, dated January 12, 1954, in Application No. 34468, it is in a favorable position to market its securities and it proposes to issue at this time 1,000 shares of its common stock, of the aggregate

par value of \$100,000, at par for cash, to obtain funds for this purpose.

It appears that applicant has instituted proceedings to amend its articles of incorporation so as to increase the authorized capital stock and to provide for a new class of 5% cumulative preferred stock which it proposes to issue to discharge outstanding indebtedness and to enable it, over a reasonable period of time, to call its outstanding 6½% preferred stock, it being of the opinion that the dividend rate of 6½% on its presently outstanding preferred stock is excessive. Applicant has filed a copy of a resolution of its board of directors setting forth the proposed amendment, although it does not seek authorization at this time to issue shares of preferred stock.

The application shows that applicant has need for the funds, which will be provided from the proposed issue of shares of common stock, to meet its short-term obligations and we will enter an order granting the authorization as requested.

O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for by 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 date hereof and on or before December 31, 1954, may issue and sell not exceeding 1,000 shares of its common 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. It shall file, as soon as available, a certified copy of its articles of incorporation as they will be amended.

3. The authority herein granted will become effective upon the date hereof.

Dated at Los Angeles, California, this 9<sup>th</sup> day of March, 1954.

*A. B. [Signature]*  
President

*Justus F. [Signature]*

*[Signature]*

*[Signature]*

*[Signature]*  
Commissioners