

Decision No. 50340

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of )  
SANTA PAULA WATER WORKS, LTD., a )  
corporation, for an Order Autho- )  
rizing it to issue its 5% Cumula- )  
tive Preferred Stock in the Amount )  
of \$290,000.00. )  
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Application  
No. 35600

OPINION AND ORDER

Santa Paula Water Works, Ltd. has filed this applica-  
tion for an order authorizing it to issue and sell 2,900 shares  
of its 5% cumulative preferred stock, of the aggregate par value  
of \$290,000, at par, for the purpose of financing the cost of  
redeeming presently outstanding 6-1/2% preferred stock, of paying  
indebtedness and of providing working capital.

Applicant is engaged in the public utility business of  
distributing water for domestic, irrigation, industrial, fire  
protection and municipal purposes in and about the City of Santa  
Paula. According to its financial statement of May 31, 1954, it  
has invested \$1,011,302 in its fixed assets and it has financed  
itself in part through the issue of \$350,000 par value of common  
stock, \$159,200 par value of 6-1/2% preferred stock, and \$115,000  
of 5% short-term notes, the remainder of its funds having been  
provided primarily from depreciation reserve and retained earn-  
ings.

It appears that applicant now desires to reorganize its financial structure and to reduce its annual preferred stock dividends through the issue of a new series of preferred stock bearing cumulative dividends at the rate of 5% per annum in place of all the currently outstanding preferred shares and bank loans. The moneys to be obtained from the sale of the new series of preferred stock in excess of the amounts needed to refinance existing securities, amounting to approximately \$14,000, will be used by applicant for working capital.

The Commission has considered this matter and is 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 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. Santa Paula Water Works, Ltd. may issue and sell not exceeding 2,900 shares of its 5% cumulative preferred stock, on or before December 31, 1954, at not less than par, for the purposes set forth in this application.

2. Santa Paula Water Works, Ltd. shall file with the Commission a report, or 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 upon the date hereof.

Dated at Los Angeles, California, this 27<sup>th</sup> day of July, 1954.

Richard E. Mitchell  
President

Justin F. Calmes

Lawrence H. Ottens

Gene Higgins

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Commissioners