

ORIGINALDecision No. 50371

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)
 Preferred shares to Goodwin & Sain,)
 and to Ferrol Construction Co.,)
 under the provisions of Section 818)
 of the Public Utilities Code.)

Application
No. 35635OPINION AND ORDER

Pacific Water Co. has filed this application for authorization to issue 720 shares of its 3% cumulative preferred Class C stock, of the aggregate par value of \$7,200.00, and to sell said shares, at par for cash, for the purpose of financing the cost of extensions and additions to its water systems in its San Bernardino and Orange Counties service areas, as set forth in some detail in the application.

Applicant is engaged in the operation of public utility water systems in the Counties of Los Angeles, Orange, Kern and San Bernardino under certificates of public convenience and necessity granted by the Commission. It reports that it has financed itself in part through the issue of bonds, shares of three series of preferred stock, and shares of common stock. Its capital structure as of June 30, 1954 is as follows:

Bonds	\$ 495,000.00	36%
Preferred Stock	357,260.00	26
Common Stock and Surplus	513,304.00	38
	<u>\$1,365,564.00</u>	<u>100%</u>

It appears that applicant has established its preferred Class C shares of stock primarily for the purpose of paying for main extensions in territories adjoining its certificated areas. The use of such stock is of advantage to applicant in providing a quantity of low interest bearing capital and in creating a broader base in its capital structure for the issue of additional debt capital should that become necessary, or desirable, in the future.

We have considered this matter and are of the opinion that a public hearing is not necessary, that the money, property or labor to be procured or paid for through the issue of said stock is reasonably required by applicant for the purposes set forth in this application, that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that applicant's request should be granted; therefore,

IT IS HEREBY ORDERED as follows:

1. Pacific Water Co. may issue and sell 720 shares of its preferred Class C stock, at par for cash, on or before December 31, 1954, and use the proceeds for the purposes set forth in this application.

2. Pacific Water Co. shall file monthly reports with the Commission as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

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3. The authorization herein granted will become effective on the date hereof.

Dated at San Francisco, California, this 10th
day of August, 1954.

Robert L. Mitchell
President

Justice J. Calver

Kenneth Patten

Gene Roggens

Commissioners