

Decision No. 52581

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
PENINSULA SERVICE CORPORATION for
an order authorizing issue of common
stock.

Application
No. 31499
(Sixth Supplemental)

SIXTH SUPPLEMENTAL ORDER

By Decision No. 44440, dated June 27, 1950, as amended, the Commission authorized Peninsula Service Corporation to issue and sell 900 shares of stock, at \$10 a share, on or before December 31, 1955, for the purpose of paying indebtedness and of financing the cost of a water system near Mountain View, in Santa Clara County.

Information on file with the Commission shows that up to December 31, 1955, applicant had not issued 308 of the shares. However, applicant asserts it intends to proceed with the issue of the remaining shares and it asks the Commission to make an order extending the time within which it might do so.

Applicant reports that up to October 31, 1955, it had invested \$22,778.78 in its utility plant, that it has undertaken service to approximately 80 customers, and that it has financed itself primarily with proceeds from the issue of shares of stock and with borrowed money. It appears that applicant is faced with additional expenditures and that it desires to convert a portion of its outstanding indebtedness into equity capital. In an exhibit filed in the present supplemental application it sets forth its capital requirements as follows:

Convert customers' advances	\$1,000
Pay off individual indebtedness	1,200
Extension of 600' of 4" line on Colony Street	1,260
New booster pump	<u>280</u>
Total	<u>\$3,740</u>

Applicant proposes to finance a portion of these expenditures with the \$3,080 proceeds to be derived from the issuance of the remaining 308 shares of its capital stock.

From a review of the matter it appears to us that applicant has need for additional funds and that it should be authorized to use stock proceeds to pay indebtedness, to finance the cost of additions and betterments and to make refunds of advances in accordance with the terms of its main extension rule, therefore,

IT IS HEREBY ORDERED as follows:

1. Peninsula Service Corporation may issue and sell, on or before December 31, 1956, at not less than par, the unissued shares of stock heretofore authorized by Decision No. 44440, dated June 27, 1950, as amended and supplemented from time to time, for the purpose of paying indebtedness, of financing the cost of additions and improvements to its properties and equipment, and of refunding advances in accordance with its main extension rule, it being the opinion of the Commission 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. Any proceeds not needed for such purposes shall be used to pay indebtedness incurred for construction purposes.

2. This sixth supplemental order will become effective on the date hereof.

Dated at San Francisco, California, this 7th
day of FEBRUARY, 1956.

Robert E. Mitchell
President

Justin D. Caswell

Paul W. H. Brewer

William J. ...

Commissioners