

Decision No. 53703

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)	Application No. 38314
Authorizing it to issue its 5%)	
Cumulative Preferred Stock in the)	
Amount of \$90,000.00.)	
-----))	

OPINION AND ORDER

Santa Paula Water Works, Ltd., has filed this application for authorization to issue 900 shares of its 5% cumulative preferred stock, \$100 par value, and to sell said shares at par for cash.

The company proposes to use the proceeds from the sale of its shares to pay \$78,000 of short-term 5% notes and to provide working capital of \$12,000. The application shows that the short-term indebtedness had been incurred in financing capital improvements and that commitments have been made for the acquisition and construction of extensions and additions to the plant which will require the use of the remaining stock proceeds not needed to liquidate the short-term borrowings.

According to Exhibit "A", applicant's investment in its fixed assets, as of June 30, 1956, was \$840,670, net after depreciation. The statement shows that the company has no long-term debt but has financed itself primarily with shares of preferred and common stock, short-term borrowings, consumers' advances,

and retained earnings.^{1/} The current assets, as of June 30, 1956, were reported at \$40,389 and the current liabilities at \$84,613 including, however, the \$78,000 of notes which now are to be paid.

From a review of the application it appears that applicant has need for additional funds to liquidate its obligations and to finance construction costs and an order will be entered indicating our approval of the proposed financing. Such approval is for the issue and sale of stock and is not to be construed as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

It is our opinion that a public hearing is not necessary, that the money, property or labor to be procured or paid for by the issue of the preferred 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 to exceed 900 shares of its 5% cumulative preferred stock, on or before April 30, 1957, at not less than \$100 a share, for cash, and use the proceeds for the purposes set forth in this application.
2. Santa Paula Water Works, Ltd., shall file with the Commission a monthly report, or reports, as required by General

^{1/} The company has \$290,000 of 5% preferred stock outstanding on which it has paid regular dividends. It has \$350,000 of common stock outstanding on which it has been paying 6% annual dividends.

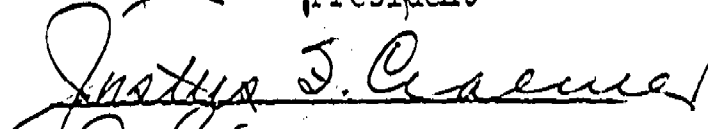
Order No. 24-A, which order, insofar as applicable, is made a part of this order.


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

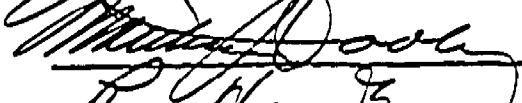
Dated at San Francisco, California, this 7th day of September, 1956.




President









Commissioners