

ORIGINAL

Decision No. 56425

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
(Seventh Supplemental)

SEVENTH SUPPLEMENTAL ORDER

By Decision No. 44440, dated June 27, 1950, as amended and supplemented, the Commission authorized Peninsula Service Corporation to issue and sell 900 shares of stock, at \$10 a share, on or before December 31, 1956, 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, 1957, applicant had not issued 139 of the shares, and that it had issued no shares during 1957. However, applicant asserts that 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 December 31, 1957, it had invested \$26,334.19 in its utility plant, that it has undertaken service to approximately 90 consumers, 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:

Current customers' advances	\$ 250
Pay off accounts payable	850
Meters	<u>290</u>
Total	<u>\$1,390</u>

Applicant proposes to finance these expenditures with the \$1,390 proceeds to be derived from the issuance of the remaining 139 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 convert customers' advances, to pay off accounts payable, and to finance the cost of meters; therefore,

IT IS HEREBY ORDERED as follows:

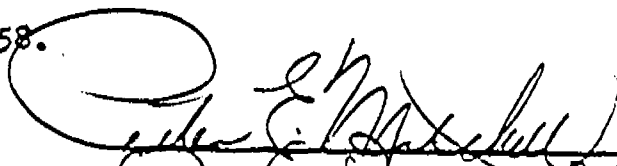
1. Peninsula Service Corporation may issue and sell, on or before December 31, 1958, at not less than par, the unissued shares of stock heretofore authorized by Decision No. 44440, dated June 27, 1950, as amended and supplemented from time to time, for the purpose of paying customers' advances, of paying accounts payable, and of financing the cost of meters, it being the opinion of the Commission that the money, property or labor to be procured or paid for by the issue of shares of stock herein authorized is

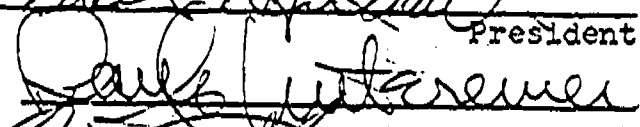
reasonably required by applicant for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. Any proceeds not needed for such purposes shall be used to pay indebtedness incurred for construction purposes.


2. The authorization herein granted 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.

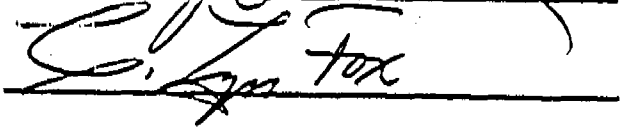
3. This seventh supplemental order will become effective on the date hereof.

Dated at San Francisco, California, this 1st day of APRIL, 1958.



President






Commissioners