

**ORIGINAL**

Decision No. 57184

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application

of

PALOS VERDES WATER COMPANY,  
a California corporation,

for permission to issue common  
stock in exchange for outstanding  
notes

Application No. 40296

OPINION AND ORDER

Palos Verdes Water Company has filed this application for authorization to issue \$100,000 par value of its common stock for the purpose of paying outstanding indebtedness of like amount.

Applicant is a California corporation engaged, as a public utility, in the business of selling and distributing water for domestic, agricultural, commercial and industrial purposes in the Palos Verdes Hills in the County of Los Angeles, including the Cities of Palos Verdes Estates, Rolling Hills and Rolling Hills Estates, as well as a part of the unincorporated area of that county. In its 1957 annual report, the utility reported 6,567 active service connections and operating revenues of \$565,195, with net income of \$22,718 after payment of interest.

As of June 30, 1958, applicant reports its outstanding debt, other than current liabilities, and its capital as follows:

Bonds	\$1,500,000	35%
Advances for construction	1,442,681	33
Preferred stock	646,760	15
Common stock and surplus	<u>734,640</u>	<u>17</u>
Total	<u>\$4,324,081</u>	<u>100%</u>

If the advances for construction were to be excluded from the computation, the capital structure would consist of bonds of 52% and equity capital, including both preferred and common stock, of 48%.

In addition to the indebtedness referred to in the preceding tabulation, applicant has outstanding two notes, among others, now past due, in favor of Great Lakes Carbon Corporation and Capital Company, the holders of all its common stock, one note being in the principal amount of \$79,000 and the other for \$21,000. Applicant now desires to satisfy these obligations through the issue of \$100,000 par value of its common stock.

The Commission has reviewed this application 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 stock herein authorized is reasonably required for the purpose specified herein and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Palos Verdes Water Company, on and after the effective date hereof and on or before October 31, 1958, may issue not to exceed \$100,000 par value of its common stock for the purpose of discharging indebtedness of like amount.

2. The authorization herein granted is for the issue of the stock only 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.

3. Palos Verdes Water Company 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.

4. The authority herein granted shall become effective on the date hereof.

Dated at San Francisco, California, this 19<sup>th</sup> day of August, 1958.

E. Lynn Fox  
President  
Wm. J. ...  
Michael ...  
Theodore ...  
Commissioners