

Decision No. SS450**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application

of

PALOS VERDES WATER COMPANY,
a California corporation,

Application No. 41098

for permission to issue common
stock in exchange for outstanding
notesOPINION AND ORDER

Palos Verdes Water Company has filed this application for authorization to issue 4,139 shares of its common (or Class B) stock, of the par value of \$20 each and of the aggregate par value of \$82,780, for the purpose of paying outstanding indebtedness.

Applicant is a public utility water corporation operating in the Palos Verdes Hills in Los Angeles County. In its financial statement, as of March 31, 1959, which is filed as Exhibit A, it indicates the sources and extent of its capital funds as follows:

Long-term debt	\$1,500,000	29%
Notes payable	262,783	5
Advances and contributions	1,691,577	33
Preferred stock	641,540	13
Common stock and surplus	<u>1,039,409</u>	<u>20</u>
Total	<u>\$5,135,309</u>	<u>100%</u>

The outstanding notes consist of short-term 5% obligations in favor of Palos Verdes Properties, Great Lakes Carbon Corporation and Capital Company. It appears that one of the notes, in the principal amount of \$42,783.01, is payable on demand, that two of

the notes, in the aggregate principal amount of \$40,000, are payable on May 30, 1959, and that applicant has made arrangements with the holders thereof to deliver to them common stock in the aggregate amount of \$82,780 and \$3.01 in cash, in satisfaction of the three items of indebtedness.

The outstanding common stock consists of 47,693 shares which are reported held by Great Lakes Carbon Corporation and Capital Company. It has not been the company's practice to pay dividends on 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; NOW 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, 1959, may issue not to exceed \$82,780 par value of its common (or Class B) stock for the purpose of discharging indebtedness of like amount.

2. The authorization herein granted is for the issue of 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 22nd day of May, 1959.

E. Lynn Fox
President

John E. (Ketchum)

Michael J. (Gale)

Theodore H. (Hewner)

Everett W. (Boyer)
Commissioners