

ORIGINAL

Decision No. 59096

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

PACIFIC WATER CO., a California corporation, under the Provisions of Section 818 of the Public Utilities Code, for authority to issue Common Stock.

Application No. 41493

O P I N I O N

Pacific Water Co., a corporation, has filed this application for authorization to issue and sell 100,000 shares of its \$1 par value common stock.

Applicant is engaged in the operation of public utility water systems in the Counties of Los Angeles, Kern, Orange and San Bernardino. It has financed itself, in part, with long-term debt, shares of preferred stock and common stock, and surplus. Its capital ratios as of June 30, 1959 are indicated in the following tabulation:

| | | |
|---------------------------|--------------------|-------------|
| Long-term debt - | | |
| First mortgage bonds | \$ 717,000 | |
| Other long-term debt | <u>33,251</u> | |
| Total long-term debt | <u>750,251</u> | 47% |
| Preferred stock - | | |
| 6% | 78,000 | |
| 5% | 183,000 | |
| 3% | <u>107,530</u> | |
| Total preferred stock | <u>368,530</u> | 23 |
| Common stock equity - | | |
| Common stock | 370,000 | |
| Surplus | <u>108,276</u> | |
| Total common stock equity | <u>478,276</u> | <u>30</u> |
| Total | <u>\$1,597,057</u> | <u>100%</u> |

All the outstanding common shares are reported held by J. Lyttleton Lyon, Dorothy J. Lyon, George C. Lyon and J. Lyttleton Lyon as trustee for John A. Lyon. It has not been the practice of the company to pay regular annual dividends on its outstanding common shares. Its financial records and reports indicate that while it operated at a loss prior to 1958, it has increased its earnings and has reported net income available for common stock in the amounts of \$9,387 for 1958 and \$41,036 for the 12-months' period ended June 30, 1959.

Applicant now proposes to offer 100,000 shares of its common stock to the public for sale at \$1.10 per share and as soon as possible to put the common shares on a regular annual dividend basis. It reports that it has need for funds to make improvements as follows:

| | |
|-----------------------------------------------------------------------------------------------|----------|
| Completion of the metering program in Orange County. . . | \$70,000 |
| Replacement of pipelines in Independence Square . . . | 30,000 |
| Installation of 8" line in Morongo Valley and other improvements | 35,000 |
| Installation of automatic equipment in the Rim Forest and Arrowhead View systems | 5,000 |
| Replacement of pipelines in Westminster system and installation of a new well | 30,000 |

The Commission has given consideration to this matter and has no objection to applicant's proposal to dispose of its shares of common stock. The Commission is of the opinion, however, that in offering its shares, applicant shall deliver to each proposed purchaser a prospectus or letter setting out the program contemplated and stating on its face that the authorization of the Commission shall not be construed as obligating the State of California to pay or guarantee a return on the shares of stock in any way whatsoever.

The authorization herein given does not constitute a recommendation or endorsement of the securities herein permitted to be issued, but is permissive only. The authorization, moreover, 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.

O R D E R

The Commission having considered the above-entitled matter and being 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,

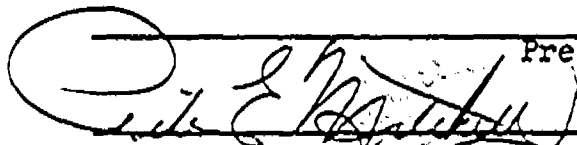


IT IS HEREBY ORDERED as follows:

1. Pacific Water Co., on and after the effective date hereof and on or before September 30, 1960, may issue and sell not to exceed 100,000 shares of its common stock, at not less than \$1.10 per share, and use the proceeds for the purpose of financing, in part, the cost of the additions, extensions and improvements referred to in this application.

2. Pacific Water Co. 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, and shall also file with the Commission, within 30 days after publication, a copy of each prospectus or letter issued to solicit the sale of the shares of stock herein authorized to be sold.

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

Dated at San Francisco, California,
this 6th day of October, 1959.

 President


Commissioners