

ORIGINAL

Decision No. S2143

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of MESA CREST WATER COMPANY, a
California corporation to issue
6,000 shares of its Class A
preferred stock and 6,000
shares of its common stock.

Application No. 43413
Filed May 15, 1961

O P I N I O N

Mesa Crest Water Company has filed this application for authorization to issue and sell \$60,000 par value of its Class A 5-1/4% preferred stock and \$60,000 of its common stock.

Applicant was organized in 1956 and in 1957 was certificated to operate as a public utility in a portion of Los Angeles County in the community of La Canada, northwest of Pasadena. Up to the end of 1960, it had expended \$216,264 for utility plant, had attached 119 customers to its lines and had financed itself primarily with moneys obtained from Admiral Building Company, Inc.

A condensed financial statement showing applicant's reported investments and sources of funds, as of December 31, 1960, is as follows:

Assets

| | | |
|-----------------------------|---------------|------------------|
| Utility plant | \$216,264 | |
| Less - depreciation reserve | <u>12,281</u> | |
| Net utility plant | | \$203,983 |
| Other investments | | 7,402 |
| Net current assets | | <u>3,873</u> |
| Total | | <u>\$215,258</u> |

Liabilities and Net Worth

| | | |
|---|--|------------------|
| Accounts payable to Admiral Building Company, Inc. | | \$ 39,746 |
| Advances for construction | | 66,343 |
| Common stock equity | | <u>109,169</u> |
| Total | | <u>\$215,258</u> |

The company reports that extensions of service into new tracts within its service area will make it necessary for it to raise funds to construct a reservoir, booster plant and pipelines and to purchase meters and miscellaneous items. It anticipates its capital requirements as follows:

| | |
|--|------------------|
| Repayment of money borrowed from Admiral Building Company, Inc. | \$ 40,000 |
| Purchase reservoir site | 8,000 |
| Construct 500,000-gallon tank | 35,000 |
| Construct booster plant | 15,000 |
| Construct distribution mains | 10,000 |
| Purchase and install meters | 7,200 |
| Miscellaneous items | <u>4,800</u> |
| Total | <u>\$120,000</u> |

We are informed that the proposed expenditures of \$10,000 for distribution mains represent costs of over-sized mains to be installed for the benefit of the company which are not properly chargeable to the land subdivider.

It is intended that the \$120,000 of stock requested in this application will be sold during 1961 and 1962 to Admiral Building Company, Inc., to provide the required funds.

Financial reports filed with the Commission show that applicant's operations, in the early stages, have been conducted at a loss and that the accumulated deficit amounted to \$10,831 at the end of 1960. However, operating results have been improving, from year to year, and the additional service to be provided by the proposed extensions, according to applicant, will produce additional revenues and will develop profits during 1961 and 1962 sufficient to meet the dividend requirements of the preferred shares and to pass something to surplus.

Upon the basis of the showing made in this proceeding we will enter an order granting applicant's requests. The authorization thus granted is for the issue of stock and is not to be construed as indicative of amounts to be included in a future rate base, or in operating expenses, for the determination of 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 money, property or labor to be procured or paid for by the issue of the stocks herein authorized is reasonably required 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,

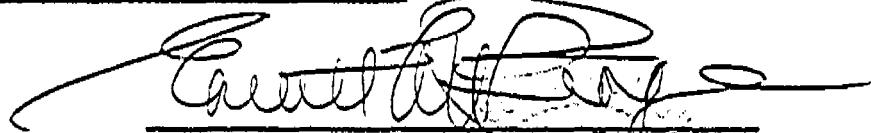
IT IS ORDERED that -

1. Mesa Crest Water Company, on or after the effective date hereof and on or before December 31, 1962, may issue not to exceed 6,000 shares of its Class A 5-1/4% preferred stock and not to exceed 6,000 shares of its common stock and sell said shares at not less than their par value for the purposes set forth in this application, that is, the repayment of outstanding liabilities and the financing of utility plant.

2. Mesa Crest 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.

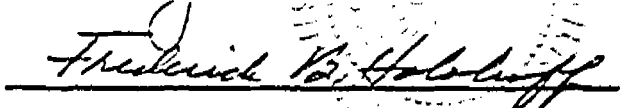
3. The authority herein granted shall become effective 20 days after the date hereof.

Dated at San Francisco, California,
this 28th day of JUNE, 1961.



President





Commissioners