

ORIGINAL

Decision No. 65318

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of KERNVILLE DOMESTIC WATER COMPANY, a California corporation, for authority to issue shares.

Application No. 45012
Filed December 7, 1962
and Amendment
Filed April 17, 1963

Roland S. Woodruff, for applicant;
George C. Doran and Sidney J. Webb,
for the Commission staff.

O P I N I O N

In this application, as amended, Kernville Domestic Water Company, a corporation, applicant herein, seeks an order of this Commission granting it authority to deviate from the prescribed water main extension rule, and authorizing it to issue and sell \$38,150.00 par value of its common stock. Public hearing was held before Examiner Donovan in San Francisco on January 17, 1963, and the matter was taken under submission upon receipt of the amendment to the application. The Commission has received no protests in the proceeding.

Applicant is a California corporation operating a public utility water system in Kernville and vicinity. The company reports that two additional new tracts, designated as Kern County Tracts Nos. 1997 and 2619, are now under development immediately adjacent to tracts which it is presently serving. The record shows that Kernville

Development Company, a copartnership, has caused Tract No. 1997 to be subdivided for a real estate development for which the cost of installation of the water system amounts to \$6,149.62, consisting of \$5,314.14 for mains, \$556.18 for services, and \$279.30 for hydrants. Similarly, according to the record in this proceeding, Pascoe Development, Inc., now has Tract No. 2619 under development for which the cost of installation of the water system amounts to \$32,000.00, segregated as follows:

Mains	\$18,400.00
Services	4,600.00
Well	985.00
Pumps and fittings	3,590.00
Tank	1,575.00
Well site	<u>2,850.00</u>
Total	<u>\$32,000.00</u>

Kernville Development Company, a copartnership, and Pascoe Development, Inc., have agreed to sell the water systems in Tracts Nos. 1997 and 2619, respectively, to applicant for \$6,150.00 par value and \$32,000.00 par value, respectively, of common stock of Kernville Domestic Water Company, provided the Commission would grant the necessary authority. As a result of points raised at the hearing, however, applicant filed an amendment to the application indicating its willingness to finance the costs of the mains, services and hydrants in accordance with the applicable main extension rule, modified to provide for the payment of refunds as they become due, by shares of its stock.

Upon consideration of the evidence the Commission finds that applicant should be authorized to deviate from the water main extension rule by paying refunds as they become due in the form of stock instead of cash and that the money, property or labor to be procured or paid for by the issuance of the stock 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. We will enter an order granting the application, as amended.

The action taken herein is not to be construed as indicative of amounts to be included in a rate base in future proceedings for the purpose of fixing just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Kernville Domestic Water Company, a corporation, may issue and sell, at par, not to exceed \$9,000.00 par value of its common stock for the purpose of financing the purchase from Pascoe Development, Inc., of backup facilities consisting of the well, pumps and fittings, tank and well site referred to in this proceeding.

2. Kernville Domestic Water Company, a corporation, may enter into contracts for the acquisition of water distribution systems for Kern County Tracts Nos. 1997 and 2619, with Kernville Development Company, a copartnership, and Pascoe Development, Inc., respectively, providing for the refunding of advances over a maximum period of twenty years with the common stock authorized in the next ordering paragraph.

3. Kernville Domestic Water Company, a corporation, may issue and sell, at par, not to exceed \$29,150.00 par value of its common stock in payment of refunds as they become due under said contracts, on a percentage-of-revenue basis, with 22% of revenues being refunded.

4. Kernville Domestic Water Company, a corporation, is hereby authorized to deviate from the requirements of the Commission's water main extension rule to the extent that it may pay refunds as they become due in the form of common stock rather than cash, with respect to contracts pertaining to water distribution systems for Kern County Tracts Nos. 1997 and 2619.

5. Kernville Domestic Water Company, a corporation, 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.

6. This order shall become effective on the date hereof.

Dated at Los Angeles, California,
this 7th day of May, 1963.

George G. Grover
President

W. F. Hutchell
William M. Brunell

Fredrick B. Helshoff

Commissioners

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.