

authorizing on Parcel 38 the development of approximately 150 single-family housing units, 350 multiple units, and approximately 22 acres of commercial facilities with 100 units scheduled for occupancy in 1964 and 250 in 1965, and zoning authorizing 256 family units on Parcel 39. Applicant alleges that subdividers have requested an extension of its facilities to serve Parcels 38 and 39.

Public hearing was held before Examiner DeWolf on July 13, 1964, at Los Angeles. No protests were entered.

A commission financial examiner submitted a report of the results of an investigation as Exhibit No. 2, and examined applicant's witnesses.

Exhibit No. 2 shows that applicant's present and projected capital structure reflects an exceedingly high ratio of debt and advances for construction and that projections to December 31, 1964, reflect a common equity capital ratio of only 22.6 percent. The report recommended that applicant be restricted in its extensions until such time as a more favorable equity position is attained.

A Commission staff engineer investigated the application, appeared and examined applicant's witnesses, but made no written report and made no objection to the granting of the application.

Applicant's president and general manager and an engineer familiar with applicant's water system testified on behalf of applicant. The witnesses verified the allegations contained in the application and testified that applicant has available the quantity of water which will be required

to serve the requested areas. Extensions are proposed to be made under applicant's filed main extension rule.

Counsel stated that an application would be filed by the applicant within thirty days for authority to issue a long-term note and to issue shares of common stock and that upon the issuance of the note and the sale of said stock the ratio of the common equity capital would be increased to 42 percent.

The Commission staff financial representative stated that upon the increase of the equity ratio to 42 percent his recommendation for restriction in the applicant's extensions would be withdrawn.

On July 31, 1964, applicant filed with the Commission Application No. 46869 for authority to issue and sell 22,000 shares of (\$25) par value common stock in exchange for the long-term debt of applicant in the amount of \$349,957.17 and for indebtedness to affiliates in the amount of \$200,042.83, or a total of \$550,000, and for authority to issue long-term notes of \$108,000 for curative or remedial purposes.

It appears from the evidence that applicant has available the quantity of water which will be required to serve the requested areas. Applicant proposes to apply its present tariffs to the proposed areas.

Decision No. 67823, dated September 15, 1964, in Application No. 46869, dismisses the application as to the proposed note issue of \$108,000, and grants the application in all other respects. The decision sets forth the adjustments to applicant's balance sheet to give effect to the proposed financing as follows:

	<u>March 31, 1964</u>		<u>Pro Forma</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Demand notes payable to affiliated companies	\$ 966,000	43%	\$ 765,957	35%
Miscl. long-term debt	378,159	17	28,202	1
Advances for construction	375,720	17	375,720	17
Common stock equity	501,474	23	1,051,474	47
Total	<u>2,221,353</u>	<u>100</u>	<u>2,221,353</u>	<u>100</u>

It appears that the applicant's equity position will be strengthened when the proposals for issuance of stock authorized by Decision No. 67823, dated September 15, 1964, have been completed.

Based on the sworn allegations of the application and the evidence, we find that:

1. Requests for water service have been made to applicant by subdividers of parcels containing a total of 175 acres; one, Parcel 38, located in the vicinity of Newbury Park, and the other, Parcel 39, located in the vicinity of Thousand Oaks, all in Ventura County.
2. Subdividers will advance the cost of facilities pursuant to applicant's main extension rule.

3. The granting of the application will not unduly burden either applicant's water supply or its finances.

4. Applicant has adequate water supplies available to it to serve the proposed areas.

5. Applicant's proposal to apply its presently filed tariffs to the areas sought to be certificated is reasonable.

6. Public convenience and necessity require the granting of the application.

7. The certificate herein granted shall be subject to the following provision of law:

The Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate, or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right.

Based on the foregoing findings the Commission concludes that the application should be granted.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Village Water Company to extend its water system and to construct and operate public utility water systems in Parcel 38 and Parcel 39 in unincorporated territory of Ventura County in the areas shown on the maps, Exhibit A, attached to the application.

2; Within one year after the effective date of this order, and not less than five days before service is first furnished under the authority granted herein, applicant may file revised tariff sheets, including a revised tariff service area map, to provide for the application of its tariff schedules to the tracts and areas certificated herein. Such filing shall be in conformity with General Order No. 96-A and the revised tariff sheets shall become effective upon the fourth day after having been filed. The authorities granted herein shall expire unless the designated tariffs are filed within one year after the effective date of this order.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 12th day of October, 1964.

Fredrick B. Holbrook
President
[Signature]
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Commissioners

Commissioner George G. Grover, being necessarily absent, did not participate in the disposition of this proceeding.