

**ORIGINAL**

Decision No. 69977

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of HILLCREST WATER CO., INC., a )  
corporation, to issue stock to )  
discharge its lawful obligations )  
under Section 817(d) of the )  
Public Utilities Code. )

Application No. 48021  
Filed November 2, 1965

O P I N I O N

Hillcrest Water Co., Inc. has filed this application requesting authority to issue \$46,212 aggregate par value of its capital stock for the purpose of discharging an unpaid balance of \$46,212 outstanding on long-term notes.

Applicant is a California corporation engaged as a public utility in the business of providing water service to consumers located in portions of Sutter County. According to its annual report for the year 1964, the company's net investment in utility plant, after deducting the depreciation reserve, was \$147,578 as of December 31, 1964, which amount was offset primarily by advances for construction and contributions in respective sums of \$54,966 and \$15,507, by long-term debt of \$46,212, and by common stock equity amounting to \$23,440. At the end of 1964 the utility reported 327 active service connections.

The company asserts that its outstanding long-term debt, as of September 25, 1965, totaled \$46,212, which amount is represented by three previously authorized notes. In this proceeding,

applicant proposes to issue 46,212 shares of its capital stock at their par value of \$1 each to the holder of said notes for the purpose of discharging the indebtedness.

The Commission has considered this matter and finds that: (1) the proposed stock issue is for a proper purpose; (2) 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 (3) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

In issuing our order herein, we place applicant and its shareholders on notice that we do not regard the number of shares outstanding, the total par value of the shares nor the dividends paid as measuring the return applicant should be allowed to earn on its investment in plant and that the authorization herein given is not to be construed as a finding of the value of applicant's stock or properties nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

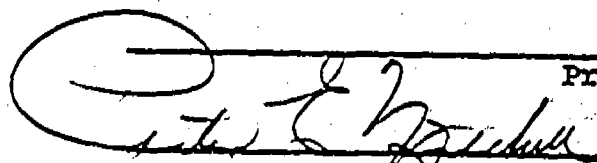
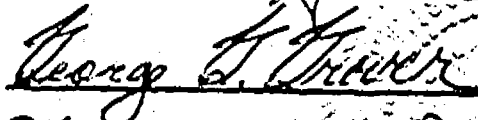
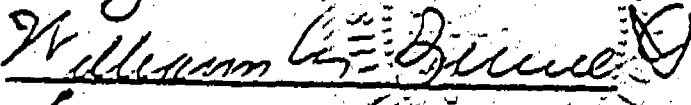
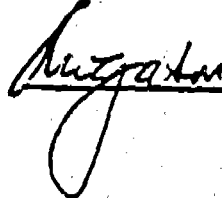
IT IS ORDERED that:

1. Hillcrest Water Co., Inc., on or before June 30, 1966, may issue not to exceed \$46,212 par value of its capital stock, at par, for the purpose specified in the application.

2. Hillcrest Water Co., Inc. shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

3. The effective date of this order is the date hereof.

Dated at San Francisco, California, this 23rd day of NOVEMBER, 1965.

  
 \_\_\_\_\_ President  
  
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 \_\_\_\_\_ Commissioners

Commissioner Frederick B. Holoboff, being necessarily absent, did not participate in the disposition of this proceeding.