

**ORIGINAL**

Decision No. 70697

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 )  
20,000 shares of its common )  
stock. )

Application No. 48374  
Filed April 4, 1966

O P I N I O N

Mesa-Crest Water Company has filed this application requesting authority to issue \$200,000 aggregate par value of its common stock.

Applicant is a California corporation engaged in business as a public utility providing water service in a portion of Los Angeles County located north of the community of La Canada. At the end of 1965, the utility reported 219 active service connections, exclusive of fire hydrants, and a net utility plant investment of \$525,908 after deducting the depreciation reserve.

In this application the company proposes to issue 20,000 shares of its common stock at their par value of \$10 per share in payment of debts relating primarily to the construction of back up facilities. The staff has made an analysis of the utility's records in connection with the proposed stock issue and recommends approval of such financing.

The application shows that the company has a relatively large amount of debt outstanding in the form of main extension contracts. By Ordering Paragraph No. 2 of Decision No. 69960, dated November 16, 1965, in Application No. 47245, applicant has been restricted from making certain further main extensions or extensions of service and it seeks removal of said restriction in this proceeding.

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; (3) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; and (4) this is not the proper proceeding for removing a restriction contained in said Decision No. 69960.

On the basis of the foregoing findings, we conclude that the application (a) insofar as it relates to the request for the removal of a restriction contained in said Decision No. 69960 should be dismissed without prejudice to the consideration of such a request in connection with Application No. 47245, and (b) should be granted in all other respects. 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. Mesa-Crest Water Company, on or after the date hereof and on or before December 31, 1966, may issue not to exceed 20,000 shares of its common stock at their par value of \$10 each for the purpose specified in the application.
2. Mesa-Crest Water Company 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. Insofar as it seeks the removal of a restriction contained in Decision No. 69960, dated November 16, 1965, this application is dismissed without prejudice to the consideration of a request for such removal in connection with Application No. 47245.

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

Dated at San Francisco, California,  
this 17th day of MAY, 1966.

Fredrick B. Holdhoff  
President

George E. Hoover

Morgan

William C. Quinn  
Commissioners