

ORIGINAL

Decision No. 72545

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
)
 of)
)
 SANTA PAULA WATER WORKS, LTD.,)
 a corporation, for an Order)
 Authorizing it to issue its)
 5% Cumulative Preferred Stock)
 in the amount of \$125,000.00)
 _____)

Application No. 49367
Filed May 12, 1967

O P I N I O N

This is an application for an order of the Commission authorizing Santa Paula Water Works, Ltd. to issue and sell 1,250 shares of its \$100 par value 5% Cumulative Preferred Stock for an aggregate consideration of \$125,000.

Applicant is a California corporation engaged in the business of distributing and selling water in Santa Paula, Ventura County, and territory adjacent thereto. For the twelve months ended December 31, 1966, it reported gross operating revenues and net income of \$300,328 and \$35,894, respectively. As of December 31, 1966, the utility reported 4,857 active service connections, excluding private fire connections and public fire hydrants.

The application shows that the company had \$116,000 of short-term notes outstanding as of March 31, 1967, which were issued in connection with its construction program, and that it had financed a portion of said program from advances

for construction, depreciation reserves and income. Exhibit C, attached to the application, shows that total expenditures for capital improvements for the period from July 1, 1965 to March 31, 1967 aggregated \$294,787.

In this proceeding the company seeks authority to issue and sell 1,250 shares of its \$100 par value, 5% Cumulative Preferred Stock, at par for cash. Applicant proposes to apply \$116,000 of the proceeds toward retiring outstanding short-term notes, and \$9,000 to reimburse the treasury for funds expended from income for capital improvements.

The Commission has considered this matter and finds that: (1) the proposed stock issue is for proper purposes; (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 purposes specified herein; and (3) such purposes are 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. Santa Paula Water Works, Ltd., on or after the date hereof and on or before September 30, 1967, may issue and sell not exceeding 1,250 shares of its 5% Cumulative Preferred Stock for cash at their par value of \$100 per share, and shall use the proceeds for the purposes specified in this proceeding.

2. Santa Paula Water Works, Ltd. 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 6th day of JUNE, 1967.

[Signature]
President

[Signature]

[Signature]

[Signature]

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Commissioners