

ORIGINAL

Decision No. 72611

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)

VILLAGE WATER COMPANY)

to issue 36,346 shares of its)
common stock, \$25.00 par value,)
to discharge demand notes in the)
amount of \$908,650.00 issued)
for the acquisition of property)
or for the construction,)
completion, extension or)
improvement of facilities or)
for the payment of obligations)
incurred for said purposes, and)
1,280 shares of its common stock)
for cash in the sum of)
\$32,000.00.)

Application No. 49214
Filed March 16, 1967
and Amendment
Filed May 29, 1967

(AMENDED CAPTION)

O P I N I O N

Village Water Company, a California corporation, renders public utility water service to consumers located in Ventura County. In this application, as amended, the company requests authorization to issue 37,626 shares of its \$25 par value common stock having an aggregate par value of \$940,650.

The application, as amended, shows that as of April 30, 1967, Janss Investment Corporation held demand notes issued by the utility for capital expenditures aggregating \$1,405,000. In this proceeding applicant proposes to issue 36,346 shares of its \$25 par value common stock for the

purpose of retiring a portion of said notes in the principal amount of \$908,650. Applicant also seeks authority to issue and sell 1,280 shares of its common stock, at par, for \$32,000 cash, which amount will be used for meeting a bond sinking fund payment.

Exhibit C, attached to the amendment to the application in support of the proposed stock issue, summarizes expenditures financed through demand notes as follows:

Capital additions (Jan. 1, 1965 to Feb. 28, 1967)	\$1,259,930
Refunds on advance contracts	96,799
Sinking fund payment - 1966	<u>32,000</u>
Subtotal	1,388,729
Deduct:	
Capital additions subject to future review	<u>480,077</u>
Balance	908,652
Add:	
Sinking fund payment - June, 1967	<u>32,000</u>
Total	<u>\$ 940,652</u>

With respect to the expenditures of \$480,077 shown in the foregoing summary, said Exhibit C indicates that such amount involves, primarily, extraordinary property losses and land costs which require further investigation as to their proper treatment on applicant's records. Such investigation will not preclude the Commission from reviewing other components of plant costs including, but not limited to, those pertaining to wells and appurtenant pumping equipment and supply mains.

Examination of applicant's records by the staff of the Commission's Finance and Accounts Division supports the request for issuance of \$940,650 aggregate par value of stock for the purpose of this proceeding.

The Commission has considered this matter and finds that: (1) the proposed issue of shares of common stock 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. A public hearing is not necessary.

On the basis of the foregoing findings, we conclude that the application, as amended, should be granted. 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. Village Water Company, on or after the date hereof and on or before September 30, 1967, for the purposes specified in this proceeding, may issue not exceeding 37,626 shares of its common stock at their par value of \$25 each.

2. Village 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. The effective date of this order is the date hereof.

Dated at San Francisco, California, this 9th day of JUNE, 1967.

[Signature]
President

[Signature]

[Signature]
Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.