

Decision No. 76325**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application	)	
of SOUTHWEST WATER COMPANY, a	)	Application No. 51371
California corporation, for	)	Filed September 17, 1969
permission to issue and sell its	)	
common stock.	)	
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O P I N I O N

Southwest Water Company requests an order of the Commission authorizing it to issue shares of its \$10 par value common stock which, according to the application as filed, the company proposes to sell at not less than \$15 per share until it has received \$50,000 in proceeds to be used for the future financing of plant additions and the refunding of main extension contracts.

Applicant is a California corporation furnishing general metered water service to approximately 13,400 customers in portions of the Counties of Los Angeles, Orange, Riverside and San Bernardino. Pursuant to authority granted by Decision No. 60308, dated June 23, 1960, in Application No. 41523, as subsequently modified, which authority expired on June 30, 1969, applicant had been selling shares of its common stock to various individuals some of whom are stockholders who reinvest their dividends in additional shares.

Applicant states that it is committed to such program and believes it should be allowed to fulfill its obligations and, in addition, to have a nominal amount of common stock available for others interested in investment.

Although the application contemplates that the company would obtain the \$50,000 of proceeds within a period of three years, the record of stock actually issued in connection with said Application No. 41523 shows that \$9,000 is more realistic for the maximum amount of common stock proceeds which applicant would receive.

After consideration the Commission 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, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.
3. The record pertaining to common stock actually issued by applicant during recent years supports an authorization for maximum proceeds of \$9,000 over a three-year period.

On the basis of the foregoing findings we conclude that:

(a) applicant should be authorized to issue over a three-year period not exceeding 600 shares of its common stock at a price of not less than \$15 per share, resulting in aggregate proceeds of not exceeding \$9,000; and (b) the application, insofar as it seeks

authority to issue stock resulting in \$41,000 of proceeds in excess of said \$9,000, should be denied. 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 it 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 the company's stock or properties nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

Nothing in this decision shall be construed as authorizing applicant to deviate from the applicable main extension rule.

O R D E R

IT IS ORDERED that:

1. Southwest Water Company, on or after the date hereof and on or before December 31, 1972, for the purposes specified in this proceeding, may issue and sell, for cash, not exceeding 600 shares of its common stock at a price of not less than \$15 per share, resulting in aggregate proceeds of not exceeding \$9,000.

2. Southwest 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 application, insofar as it seeks authority to issue stock resulting in \$41,000 of proceeds in excess of said \$9,000, is denied.

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

Dated at San Francisco, California,  
this 28th day of OCTOBER, 1969.

William S. ...  
President

[Signature]

[Signature]

James L. ...  
Commissioners