

Decision No. 77437**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 VALLECITO WATER COMPANY for)
 authority to issue and sell 28,749)
 shares of its Common Stock, and)
 for authority to borrow \$500,000)
 and to issue its promissory note)
 or notes therefor.)

Application No. 51704
 Petition for Modification
 Filed June 24, 1970

In the Matter of the Application of)
 San Gabriel Valley Water Company)
 for an Order Authorizing it to acquire)
 Common Stock of Vallecito Water)
 Company.)

Application No. 51705
 Petition for Modification
 Filed June 24, 1970

FIRST SUPPLEMENTAL OPINION

By Decision No. 77105, dated April 21, 1970, in the above-entitled matters, the Commission, among other things, (1) authorized Vallecito Water Company to issue and sell not exceeding 28,749 additional shares of its \$10 par value common stock, and to issue its note, or notes, representing a borrowing of not exceeding \$500,000; and (2) authorized San Gabriel Valley Water Company to subscribe for and purchase any or all additional shares of common stock which may be issued and offered for sale by Vallecito Water Company.

In order to reflect changes in the plan pertaining to the proposed stock offering for the purpose of meeting an exemption requirement of the Securities and Exchange Commission, Vallecito Water Company now proposes to eliminate the transfer feature from warrants related to the offering, and to issue such fractional shares as may be required. In addition, Vallecito Water Company contemplates a short-term borrowing of \$500,000, and applying the entire proceeds toward repayment of indebtedness represented by judgments referred to in said Decision No. 77105. Vallecito Water Company seeks an amendment of the order in such decision so as to authorize non-transferable warrants and such fractional shares as may be required, and to permit stock and note proceeds to be utilized for the additional purpose of reimbursing its treasury. San Gabriel Valley Water Company requests an amendment of said order so as to authorize it to acquire stock in accordance with the modified plan.

Exhibit G, attached to the Petition for Modification in Application No. 51704, sets forth the proposed application of the proceeds to be derived from the stock and note issues, which exhibit is consistent with the tabulation set forth on page 4 of Decision No. 77105, except that said Exhibit G contains a footnote reading as follows:

"To the extent that the proceeds of the short-term \$500,000 borrowing and other corporate funds will have been utilized to pay any of the above items, Vallecito requests that the order permit it to reimburse its treasury."

After consideration, the Commission finds that the previous findings in these proceedings are applicable to the proposals as modified. On the basis of this finding we conclude that the petitions should be granted. A further public hearing is not necessary.

FIRST SUPPLEMENTAL ORDER

IT IS ORDERED that:

1. Vallecito Water Company may issue non-transferable warrants therefor and issue and sell not exceeding 28,749 additional shares of its common stock, at the price of \$10 per share, under the plan set forth in Application No. 51704 as modified by the petition filed therein.

2. Vallecito Water Company shall apply the proceeds to be derived from the stock and note issues herein authorized to the purposes set forth in these proceedings, provided that only note issue proceeds may be applied to a purpose, in whole or in part, reasonably chargeable to operating expenses or to income.

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3. Ordering Paragraphs Nos. 1 and 5 of Decision No. 77105 are hereby rescinded.

4. Decision No. 77105 shall remain in full force and effect, except as modified by this order.

5. This order shall become effective when Vallecito Water Company has paid the additional fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$250.

Dated at San Francisco, California,
this 30th day of JUNE, 1970.

William S. Brown, Jr.
President

August
J. K. [unclear]

[unclear]

Vernon L. Sturgeon
Commissioners

