

ORIGINAL

Decision No. 78540

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
 of VALLECITO WATER COMPANY, for)
 authority to make extensions pur-)
 suant to the provisions of Sec-)
 tion 1001 of the California Pub-)
 lic Utilities Code.)

Application No. 52254
 (Filed October 19, 1970)

O P I N I O N

Commission Decision No. 53277, dated June 26, 1956, restricted applicant from making any extensions outside its service area without prior Commission approval. This restriction has been continued in full force by subsequent Commission decisions, the latest being Decision No. 65044, dated March 6, 1963, in Application No. 43578.

Applicant's service area is located in and near the City of Industry, California. It serves nearly 5,000 metered and 120 irrigation customers. The service area is bounded on the east and north by the service areas of Suburban Water Systems and San Gabriel Valley Water Company.

Affiliations of applicant's directors and principal officers with San Gabriel, Suburban and Southwest Water Company are described in paragraph 11 of the application. The financial statement as of August 31, 1970, Exhibit A, attached to the application shows 67,081 shares of common stock with a par value of \$10 per share outstanding and owned by several individuals and groups. The largest shareholder was San Gabriel which owned 47,971 shares.

The ratio of advances to total capital as of December 31 computed from applicant's annual reports to the Commission for the years 1965 through 1969 are shown below:

<u>Year</u>	<u>Ratio (Percent)</u>
1965	62.36%
1966	61.58
1967	64.11
1968	67.38
1969	69.03

These percentages exceeded the 50 percent limitation set forth in the main extension rule. The Commission's Decisions Nos. 77105 and 77437, dated April 21 and June 30, 1970, respectively, in Application No. 51704, authorized applicant to issue 28,749 shares of common stock at a par value of \$10 per share and borrow not exceeding \$500,000 from Bank of America maturing not beyond June 30, 1973.¹ The proceeds from these securities were utilized to pay outstanding debts including delinquent refunds on advances for construction, approximately \$500,000 worth of overdue notes, approximately \$50,000 of outstanding promissory notes to associated companies, and outstanding interest payments.

As of August 31, 1970, applicant's total capital as defined in its main extension rule was \$2,388,366 and advances for construction totaled \$1,028,567 or 43.1 percent of total capital. This percentage does not restrict applicant from making new extensions to its distribution system. Applicant's Balance Sheet as of October 31, 1970 shows current assets of \$184,753 and current liabilities of \$99,696.

The staff submitted a report which is hereby incorporated into the record as Exhibit 1. The report shows that applicant's

¹ The \$500,000 note entry was recorded after the August 31, 1970 Balance Sheet (Exhibit A attached to the application) was prepared.

water supply distribution system meets the requirements of General Order No. 103 and confirms that the ratio of advances to total capital as of August 31, 1970 would not restrict applicant.

Immediate Plans

At the time of staff investigation, an adjacent 10-acre parcel located west of applicant's service area was being developed into a trailer park. This trailer park is the only area to which applicant presently contemplates extending service. Applicant was providing construction water to this 10-acre parcel through a 4-inch meter connected to an adjacent fire hydrant located in its service area. If this application is not granted, applicant proposes to provide water service to this trailer park through a 4-inch meter located in its present service area.

As a result of its investigation the staff concluded that the addition of the trailer park to applicant's system would not adversely affect service to applicant's existing customers.

We find that:

1. Applicant's system meets the supply and engineering standards of General Order No. 103.
2. The public interest no longer requires that applicant should seek approval of this Commission to make extensions described in Section 1001 of the Public Utilities Code.
3. We conclude that the application should be granted.

O R D E R

IT IS HEREBY ORDERED that the restriction imposed by paragraph 3 of Decision No. 53277, in Application No. 36348, together

with the repetition of such restrictions as are contained in the following decisions, is rescinded:

<u>Application Number</u>	<u>Decision Number</u>
42453	60874
43417	63146
43578	63116 and 65044.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 13th day of APRIL, 1971.

[Signature]
Chairman
William J. Simon
[Signature]
Vernon L. Stinger
[Signature]
Commissioners