

Decision No. 81261

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of GARDEN WATER CORPORATION, a)
California corporation, for authority)
to Issue Common Stock.)

ORIGINAL
Application No. 53895
(Filed March 15, 1973)

O P I N I O N

Garden Water Corporation seeks authority to issue 2,720 shares of its \$100 par value common stock in cancellation of promissory notes aggregating \$272,000 in principal amount.

Applicant is a California corporation engaged in the business of providing public utility water service in areas near the City of Bakersfield. Its 1972 annual report to the Commission shows 1,500 shares of common stock outstanding, owned by Robert E. Schweser and Fern B. Schweser.

The application indicates that Robert E. Schweser owns demand notes issued by the company in the aggregate amount of \$230,337.08 and Fern B. Schweser owns such notes in the aggregate amount of \$18,000.30, and that the notes were issued for the purpose of obtaining funds for capital additions to, and extension of, applicant's water system and paying refunds due on main extension contracts. Applicant states that all such funds were expended in conformance with the Commission's approved main extension rules. The utility proposes to retire \$272,000 aggregate principal amount of said notes by issuing \$254,000 aggregate par value of common stock to Robert E. Schweser and \$18,000 aggregate par value of common stock to Fern B. Schweser.

Applicant's balance sheet as of December 31, 1972, as summarized from its 1972 annual report to the Commission, is as follows:

Assets

Current and accrued assets	\$ 56,517
Net utility plant	791,683
Deferred debits	<u>3,425</u>
Total	<u>\$851,625</u>

Liabilities

Notes payable	\$380,337
Other current and accrued liabilities	47,860
Common stock equity	153,230
Preferred stock	28,000
Advances for construction	204,926
Other deferred credits	9,220
Contributions in aid of construction	<u>23,052</u>
Total	<u>\$851,625</u>

After consideration the Commission finds that: (1) the proposed stock issue is for a proper purpose; (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 purpose specified herein; and (3) such purpose is 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 granted

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

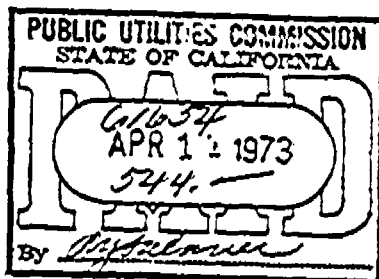
IT IS ORDERED that:

1. Garden Water Corporation, on or after the effective date hereof and on or before September 30, 1973, in exchange for promissory notes as set forth in this proceeding, may issue not exceeding 2,540 shares of its \$100 par value common stock to Robert E. Schweser and not exceeding 180 shares of said common stock to Fern B. Schweser.

2. Garden Water Corporation shall file with the Commission the report required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

3. This order shall become effective when Garden Water Corporation has paid the fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$544.

Dated at San Francisco, California, this 10th day of APRIL, 1973.



Vernon L. Stinger
President
William Synovitz
Alta
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.