

Decision 90 03 068 MAR 28 1990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PONDEROSA WATER )  
COMPANY, INC. (U 602 W) to issue )  
to its stockholders 2,900 shares )  
of its Common Stock (\$100 par )  
value.) )

**ORIGINAL**

A.89-12-027

(Filed December 19, 1989)

O P I N I O N

Summary of Decision

This decision grants Ponderosa Water Co., Inc. (Ponderosa) the authority requested in its application under Public Utilities Code (Code) Sections 816-818, 821, 830 and 851, to issue in 1990 not to exceed 2,900 shares of its Common Stock (Common Stock) with a par value of \$100 per share and with a total valuation of \$290,000.

Notice of the filing of the application appeared on the Commission's Daily Calendar of December 22, 1989. No protests have been received.

Ponderosa is a public utility corporation organized and existing under the laws of the State of California, and is primarily engaged in the business of providing water service in Tuolumne County.

For the twelve months ended December 31, 1988, Ponderosa reported in its Statement of Income that it generated total operating revenues of \$121,585 and a net loss of \$10,505.

Balance Sheet

Ponderosa's Balance Sheet as of December 31, 1988 is summarized as follows:

<u>Assets</u>	<u>Amount</u>
Net Utility Plant	\$607,817
Current Assets	<u>18,448</u>
Total	\$626,265
<u>Liabilities and Equity</u>	
Common Equity	\$317,687
SDWBA Loan	225,764
Current Liabilities	711
Advances for Construction	32,103
Contribut. in Aid of Constr.	<u>50,000</u>
Total	\$626,265

Common Equity

Ponderosa proposes to issue in 1990 not to exceed 2,900 shares with a \$100 par value and with a valuation of \$290,000. Ponderosa states in its application that its intentions are to issue said securities in 1990 to its present stockholders in equal amounts to each holder of record (1,450 shares to William E. Gerber, III, president and 1,450 shares to William E. Gerber, IV, vice president).

Ponderosa states in its application that it proposes "to place these equities into the names of the principals that have caused them to increase since the start of the corporation so that in the case of an adverse take over or sale of the corporation they will be duly compensated for their endeavors." Ponderosa also asserts that it is a family-owned and operated business and corporation.

Capital Ratio

Ponderosa's capital ratio consisted of 100% equity as of December 31, 1988. Ponderosa was authorized to obtain a Safe Drinking Water Bond Act loan of \$231,750 in September of 1985 by Decision (D.) 85-09-067. Ponderosa has a current, unamortized balance of \$225,764. The SDWBA loan is not included as a ratemaking item as determined by the Commission in D.88973, dated June 13, 1978 (mimeo.) from Application (A.) 57406 of Quincy Water Company. SDWBA plant is financed solely by the customers through the payment of a mandatory surcharge.

Ponderosa's proposed issue of additional shares of Common Stock will increase the Common Stock account (A/C #201) by \$290,000 and decrease the Other Paid in Capital account by \$290,000 (A/C #211).

Therefore, the proposed accounting adjustment will in no way effect a change in Rate Base, the Capital Ratio, or the Balance Sheet figures in Assets, Equity, or Liabilities.

Ponderosa is placed on notice, by this decision, that the Commission does not find that its capital ratio or the proposed issuance of additional shares of Common Stock are necessary or reasonable for ratemaking purposes. These are issues which are normally tested in general rate cases or cost of capital proceedings.

Findings of Fact

1. Ponderosa, a California corporation, operates as a public utility subject to the jurisdiction of this Commission.
2. The proposed issuance of Common Stock would be for proper purposes.
3. There is no known opposition and there is no reason to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.
2. The application should be granted to the extent set forth in the order which follows.

The proposed issuance of Common Stock is for lawful purposes. Proceeds from the issuance of Common Stock may not be charged to operating expenses or income.

The following order should be effective on the date of signature and the authorization to issue securities should be effective upon payment of the fee set by Code Section 1904.1 to enable Ponderosa to issue its Common Stock expeditiously.

O R D E R

IT IS ORDERED that:

1. At any time after the effective date of this order and prior to December 31, 1990, Ponderosa Water Co., Inc. (Ponderosa) may issue not to exceed 2,900 shares of its \$100 par value Common Stock.
2. Ponderosa shall file the reports required by General Order Series 24.

3. The application is granted as set forth above.  
The authority granted by this order to issue the shares of Common Stock will become effective when Ponderosa pays \$580, the fee set by Public Utilities Code Section 1904.1. In all other respects, this order is effective today.

Dated MAR 28 1990, at San Francisco, California.

G. MITCHELL WILK  
President  
FREDERICK R. DUDA  
STANLEY W. HULETT  
JOHN B. OHANIAN  
PATRICIA M. ECKERT  
Commissioners

33179 - \$522.  
PUBLIC UTILITIES COMMISSION  
STATE OF CALIFORNIA  
**PAID**  
APR 04 1990  
By MS  
33199 \$58.00 12/24/89

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY

*Neal J. Schulman*  
NEAL J. SCHULMAN, Executive Director  
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