

Decision No. 13489**ORIGINAL**

BEFORE THE RAILROAD COMMISSION, OF THE STATE OF CALIFORNIA.

In the Matter of the Application of  
 SANTA PAULA WATER WORKS, a corpora-  
 tion, for authority to issue stock. )

Application Number 9956

Farrand and Slosson, by Leonard  
 B. Slosson, for Applicant.

BY THE COMMISSION :

OPINION

Santa Paula Water Works asks permission to issue and sell at par for cash 1,000 shares of its capital stock, of the aggregate par value of \$100,000.00, for the purpose of paying outstanding notes.

A public hearing in this matter was held before Examiner Williams in Los Angeles.

The application shows that the company is engaged in owning and operating a water system in and about the City of Santa Paula, Ventura County, supplying water for domestic, irrigation, industrial, fire protection and municipal use. On December 31, 1921 it reported 1041 consumers, on December 31, 1922, 1207 consumers and on December 31, 1923, 1413 consumers. The company reports gross revenues of \$25,027.95 for the year ending December 31, 1922 and of \$32,842.16 for the year ending December 31, 1923. After paying operating expenses, including taxes and depreciation, it reports gross corporate income of \$11,841.54 in 1922 and \$14,986.21 in 1923. Interest and other income charges amounted to \$855.48 in 1922 and \$1,766.42 in 1923, leaving \$11,006.06 available for dividends during the former year and \$13,219.79 during the latter.

During both years dividends amounting to \$6,750.00 were paid.

It appears that applicant was organized with an authorized capital stock of \$150,000.00, divided into 1500 shares of the par value of \$100.00 each, all of which are reported outstanding. It is now reported, however, that recently the authorized capital stock was increased to \$250,000.00, divided into 2500 shares of the par value of \$100.00 each. Applicant now proposes to sell the additional \$100,000.00 of stock now applied for at par for cash to Limoneira Company, a corporation which controls the outstanding stock of Thermal Belt Water Company, which company, in turn owns ninety per cent of applicant's outstanding stock.

The company reports that it proposes to use the proceeds from the sale of its stock to pay outstanding indebtedness incurred in making extensions, additions and betterments. In this connection it reports expenditures for extensions, additions and betterments, during the year ending December 31, 1923, as follows :-

Building, structures and grounds . . . . .	\$ 528.92
Pumping station buildings . . . . .	405.44
Wells . . . . .	4,676.96
Canals and conduits . . . . .	67.11
Pumping equipment . . . . .	1,709.84
Purification system . . . . .	978.72
Distributing mains and canals . . . . .	61,918.55
Distributing reservoirs, tanks, standpipes . . . . .	5,166.75
Services . . . . .	8,896.76
Meters and measuring devices . . . . .	3,920.29
Miscellaneous distributing equipment . . . . .	351.44
Garage equipment . . . . .	677.69
Total . . . . .	<u>\$89,298.47</u>
Construction work in progress Dec. 31, 1923 . . . . .	7,634.36
Total . . . . .	<u>\$96,932.83</u>

Expenditures for additions and betterments are reported as \$12,678.33 in 1922 and as \$3,558.70 in 1921. The total indebtedness of the company as of December 31, 1923, is reported as \$109,494.42, consisting of \$106,000. of notes payable, \$511.25 of consumer's deposits and \$2,983.17 of miscellaneous accounts payable. It appears that the proceeds to be received from the sale of the

\$100,000.00 of stock will be used to pay in part the outstanding notes. A list of these notes shows that \$90,000.00 were issued during 1923, \$8,000.00 during 1924, \$2,000.00 during 1922 and \$6,000.00 during 1917. The \$6,000.00 of notes issued during 1917 were authorized by the Commission by Decision Number 4318, dated May 17, 1917, to pay outstanding indebtedness and to finance the cost of additions and betterments. The remaining notes are reported to have been issued for a term of one year. According to the testimony of C. P. Foster, applicant's secretary, the proceeds obtained through the issue of the \$106,000.00 of notes were used to finance capital expenditures.

#### ORDER

Santa Paula Water Works, having applied to the Railroad Commission for permission to issue and sell \$100,000.00 of its capital stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue, is reasonably required by applicant for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Santa Paula Water Works be, and it is hereby, authorized to issue and sell for cash at not less than par, on or before December 31, 1924, \$100,000.00 of its capital stock and to use the proceeds to pay in part the outstanding notes to which reference is made in the foregoing opinion.

The authority herein granted is subject to further conditions as follows :-

1. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds

as will enable it to file on or before  
the 25th. day of each month a verified re-  
port, as required by the Railroad Commission's  
General Order Number 24, which order in so far  
as applicable, is made a part of this order.

2. The authority herein granted will become effective  
upon the date hereof.

DATED at San Francisco, California, this 30<sup>th</sup> day of  
April, 1924.

C. L. Seamy  
H. P. ...  
Jessie Martin  
Egerton Shore

Commissioners.