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Decision No. 14927.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SAN CARLOS WATER COMPANY.)
a corporation, for an order author-)
izing it to issue eighty-six (86)) Application No. 11036
shares of its capital stock.)

Dunne, Brobeck, Phleger & Harrison,
by Herman Phleger, for applicant.

BY THE COMMISSION:

O P I N I O N

In this application San Carlos Water Company asks permission to issue to Fred H. Drake, at par, eighty-six shares of its common capital stock of the aggregate par value of \$8,600.00, in full payment of indebtedness of like amount representing moneys advanced to the corporation and used by it for additions and betterments.

It appears that San Carlos Water Company was organized on or about December 7, 1921 with an authorized capital stock of \$50,000.00 divided into 500 shares of the par value of \$100.00 each, all common. By Decision No. 10934 dated September 2, 1922. (Vol. 22, Opinions and Orders of the Railroad Commission of California, page 258) the company was authorized to issue \$300.00 of its stock to its directors for qualifying purposes and to use the proceeds for working capital, and to issue \$22,500.00 of stock to Mercantile Trust Company in payment for a water distribution system used to supply water in and about the Town of San Carlos, San Mateo County.

The record shows that of the \$22,800.00 of stock heretofore authorized to be issued by the Commission, \$22,600.00 is now held by Fred H. Drake. It also appears that the company is indebted to Fred H. Drake in the sum of \$8,600.00, which amount was advanced to the company as open account indebtedness during the period from January 5, 1923 to June 3, 1924, and used for the purchase and installation of additions to applicant's system as follows:-

3465 feet of standard 4 inch iron pipe
900 feet of standard 2 inch iron pipe
2160 feet of standard 1-1/2 inch iron pipe
665 feet of standard 1 inch iron pipe
80 - 5/8 Empire meters
2 - 50,000 gallon redwood tanks and
labor of installing.

The application shows that Fred H. Drake has offered to cancel the indebtedness of \$8,600.00 due him in consideration of the issue to him of \$8,600.00 of the stock of applicant, which offer applicant has accepted, provided that the company is authorized to issue such stock.

O R D E R

San Carlos Water Company, having applied to the Railroad Commission for permission to issue \$8,600.00 of stock, a public hearing having been held before Examiner Fankhauser 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 purpose specified herein and that the expenditures for such purpose are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that San Carlos Water Company be, and it is hereby authorized to issue, on or before September 1, 1925, \$8,600.00 of its common capital stock at par, to Fred H. Drake in

full payment of the indebtedness of like amount to which reference is made in the foregoing opinion, provided that applicant keep such record of the issue and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file within thirty days after such issue and delivery, a verified report, as required by the Railroad Commission's General Order No. 24, which order in so far as applicable, is made a part of this order, and provided further that the authority herein granted shall become effective as of the date hereof.

DATED at San Francisco, California, this 14th day of May, 1925.

H. K. Brundage

O. L. Seaver

Emmerson

Commissioners.