

ORIGINAL

IRA

Decision No. 18649

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the)
RUSSIAN RIVER WATER COMPANY,)
a corporation, for permission to issue)
stock.)

Application No. 11845

A. F. Lemberger, for applicant.

BY THE COMMISSION:

O P I N I O N

In the above entitled matter Russian River Water Company asks permission to issue and sell, at par, 548 shares of its preferred stock, of the aggregate par value of \$54,800., for the purpose of financing the cost of extensions, additions and betterments to its plants and properties.

The application shows that recently applicant has increased its authorized capital stock from \$125,000., divided into \$100,000. of common and \$25,000. of preferred, to \$250,000., divided into \$100,000. of common and \$150,000. of preferred. The preferred stock is entitled to cumulative dividends at the rate of seven percent per annum and is preferred as to assets over the common. It is redeemable, in whole or in part, on any interest payment date at par and all accumulated and unpaid dividends and after redemption may not be re-issued.

At this time applicant reports outstanding \$100,000. of common stock and \$25,000. of preferred. In making the

present request to issue an additional \$54,800. of stock the company reports that during the period from January 1, 1922, to August 31, 1925, it expended for extensions, additions and betterments, the sum of \$68,467.86, which amount, as shown in Exhibit "C", is represented to consist of the following:-

Organization	\$94.24
Other intangible capital	15.00
Landed capital	14,199.17
Buildings	110.79
Springs & Infiltration galleries	753.55
Pumping equipment	1,056.43
Transmission mains	1,728.58
Distribution mains	17,385.69
Distribution tanks	7,635.19
Hydrants	2,379.92
Services	2,608.56
Meters	11,618.41
General office equipment	2,219.37
Undistributed	4,591.54
Interest during construction	677.72
Maps and plots of system	<u>1,393.70</u>
Total.....	<u>\$68,467.86</u>

Of this amount the company reports that \$13,757.64 was obtained from the sale of the stock authorized by Decision No. 10,354, dated April 25, 1922, leaving a balance of \$54,710.22 which it alleges has not been paid for by the issue of securities but was provided by moneys represented by surplus, reserve for depreciation and current liabilities. The company therefore asks permission to use the proceeds from the sale of the \$54,800. of stock applied for to pay its outstanding notes and accounts payable, to reimburse its reserves and surplus and to restore its storeroom supplies in amounts as follows:-

Notes payable	\$17,100.
Accounts payable	8,121.
Depreciation reserve	17,748.
Consumers' advances	1,543.
Surplus	8,796.
Storeroom supplies	<u>1,400.</u>
Total.....	<u>\$54,708.</u>

The testimony of T. C. Mellersh, applicant's vice-president and general manager, shows that the company must expend about \$7,000. to complete the metering of its system, about \$5,000. for mains during the coming year and about \$10,000. for additional storage facilities. The money obtained through the reimbursement of applicant's depreciation reserve must be used to extend and improve applicant's water system.

O R D E R

Russian River Water Company having applied to the Railroad Commission for an order authorizing the issue and sale of \$54,800. of preferred stock, a public hearing having been held before Examiner Fankhauser, and the Commission being of the opinion that the money, property or labor to be procured or paid for by such issue and sale 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 expense or to income,

IT IS HEREBY ORDERED that Russian River Water Company be, and it hereby is, authorized to issue and sell, at not less than par, on or before December 31, 1926, 548 shares of its seven percent cumulative preferred stock of the aggregate par value of \$54,800. and to use the proceeds to pay indebtedness, to reimburse its reserve for depreciation and its surplus and to restore its storeroom supplies in the amounts and to the extent indicated in the foregoing opinion, and to use the remaining proceeds to finance in part the cost of extensions, additions and betterments chargeable to fixed capital accounts as such accounts are defined

by the uniform classification of accounts prescribed by this Commission, provided that applicant may exchange, at par, \$17,100. of the stock herein authorized for the outstanding \$17,100. of notes, and provided further that all proceeds used to reimburse the reserve for depreciation must thereafter be used to replace property or to acquire additional properties.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective upon the date hereof and that 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 report, as required by the Railroad Commission's General Order No. 24, which order insofar as applicable is made a part of this order.

DATED at San Francisco, California, this 20th day of November, 1925.

H. B. Brandegee

George D. Igoines

Leon Whitell

Commissioners.