

Decision No. \_\_\_\_\_

13372

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)  
NOVATO UTILITIES COMPANY, )  
a corporation, for authority to )  
issue stock. )

Application No. 13609.

Thos. P. Boyd, for applicant.

BY THE COMMISSION:

O P I N I O N

In the above entitled proceeding Novato Utilities Company asks the Railroad Commission to make an order authorizing it to issue 3,000 shares of its capital stock, of the aggregate par value of \$30,000.00, to its stockholders as a stock dividend.

Novato Utilities Company is engaged in the business of supplying electricity for light, heat and power purposes and water for domestic purposes and of giving local telephone service in and about the Township of Novato, Marin County. In addition toll telephone service is furnished its subscribers over the lines of The Pacific Telephone and Telegraph Company through connections made at San Rafael.

It appears that the applicant corporation was organized on or about February 10, 1916, with an authorized capital stock of

\$50,000.00, divided into 5,000 shares of the par value of \$10.00 each, all common. Heretofore, by Decision No. 4358, dated May 29, 1917, (Vol. 13, Opinions and Orders of the Railroad Commission of California, page 301) the corporation was authorized by the Commission to issue \$20,000.00 of its capital stock in payment for electric, telephone and water public utility properties located at Novato and then owned by J. W. Cain and Albert Cain. This stock, it appears, was issued and is now outstanding.

In making the request to issue the remaining authorized stock applicant reports its unappropriated surplus, as of February 28, 1927, at \$31,553.72 which is said to have been invested in the properties and assets of the company. It reports its assets and liabilities, as of February 28, 1927, as follows:-

ASSETS:

Fixed Capital:-		
Electric.....	\$64,731.64	
Telephone.....	14,909.40	
Water.....	<u>20,847.50</u>	\$100,488.54
Cash.....		2,320.64
Accounts receivable.....		3,624.81
Materials and supplies.....		2,700.25
Depreciation fund.....		<u>7,665.14</u>
Total Assets.....		<u>\$116,799.38</u>

LIABILITIES:

Capital Stock.....	\$20,000.00
Premium on stock.....	2,954.14
Bills payable.....	21,000.00
Accounts payable.....	4,497.76
Consumers' advances.....	4,938.42
Interest accrued.....	105.00
Reserve for depreciation.....	24,085.20
Appropriated surplus.....	7,665.14
Unappropriated surplus.....	<u>31,553.72</u>
Total Liabilities.....	<u>\$116,799.38</u>

We have given consideration to this application and to applicant's financial condition and are of the opinion that applicant should be authorized to issue \$30,000.00 of stock to reimburse its treasury on account of surplus earnings invested in its properties and assets. After such reimbursement applicant may distribute the stock to its present stockholders as a dividend.

O R D E R

Novato Utilities Company having applied to the Railroad Commission for permission to issue 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 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 Novato Utilities Company be, and it hereby is, authorized to issue \$30,000.00 of its common capital stock, at par, for the purpose of reimbursing its treasury because of surplus earnings invested in its properties and assets up to February 28, 1927, and thereafter to distribute such stock to its stockholders as a stock dividend.

IT IS HEREBY FURTHER ORDERED that applicant shall keep such record of the issue of the stock herein authorized as will enable it to file, within thirty (30) days after such issue, 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.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective upon the date hereof.

DATED at San Francisco, California, this 17<sup>th</sup> day of May, 1927.

Emmott  
H. H. Rindge  
Chung  
Leon Whitell  
Thos. R. Rindge

Commissioners.