

LEM

Decision No. 19689.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 APTOS WATER COMPANY,)
for an order authorizing the issue) Application No. 14438
of stocks.)

Hankins and Hankins, for applicant.

BY THE COMMISSION:

ORIGINAL

O P I N I O N

Aptos Water Company asks permission to issue 249,997 shares (\$249,997.00 par value) of its capital stock and deliver the same to the Peninsula Properties Company in exchange for all the property, assets and good will of that certain public utility heretofore and now conducted by Fred H. Somers and Aptos Company, serving a community in and about the vicinity of the Town of Aptos with water.

The Aptos Water Company has an authorized stock issue of \$250,000.00 divided into 250,000 shares of the par value of \$1.00 each. The company has been organized for the purpose, among others, of operating the public utility water properties which the Commission authorized to be transferred to it by Decision No. 19599, dated April 13, 1928.

In the application now before the Commission, the Commission is asked to authorize the Aptos Water Company to issue 249,997 shares of its common stock in payment for the properties referred to in said decision. To justify such stock issue applicant submitted testimony to show that the reproduction cost new less depreciation of the physical properties is \$58,086.00; that the water rights have a

value of \$154,500.00; and that the properties have a going concern value of about \$40,000.00. A report prepared by the Commission's engineers and introduced in evidence shows that the estimated historical cost new of the physical properties is \$59,699.00 and that the estimated original cost less depreciation is \$50,798.00. The report further shows that there are at present 38 consumers connected with the water system. The distributing system as at present installed, serves the Village of Aptos and about 2200 acres of subdivided land, including an eighteen hole golf course. The subdivision is being placed on the market by the Peninsula Properties Company, which will own all of the stock of the Aptos Water Company. It also appears from the record that the Peninsula Properties Company has additional acreage joining the 2200 acres, which has not yet been subdivided.

The evidence shows that the present water supply is obtained from four wells and that such wells produce more water than is necessary, to supply the 2200 acres. In our opinion the evidence in this proceeding does not warrant the recognition of any going concern value, nor anything but a nominal value for the water rights. The order herein will authorize the Aptos Water Company to issue \$51,000.00 of stock in full payment for the properties, free and clear of all liens and encumbrances, referred to in Decision No. 19599 dated April 13, 1928.

O R D E R

Aptos Water Company, having asked permission to issue \$249,997.00 par value of its common capital stock in payment for the properties referred to in the opinion which precedes this order, a public hearing having been held before Examiner Fankhauser and the

Commission being of the opinion that the Aptos Water Company should be permitted to issue not exceeding \$51,000.00 par value of its common capital stock, that the money, property or labor to be procured and paid for by such issue is reasonably required by applicant, that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income, and that this application, insofar as it involves the issue of \$198,997.00 of stock, should be denied without prejudice, therefore,

IT IS HEREBY ORDERED as follows;-

1. Aptos Water Company may issue at not less than par, \$51,000.00 of its common capital stock and deliver such stock in full payment for the properties referred to in this application, and more particularly described in Decision No. 19599 dated April 13, 1928, provided said properties be acquired free and clear of all liens and encumbrances.
2. This application, insofar as it involves the issue of \$198,997.00 of common stock, be, and the same is hereby denied without prejudice.
3. The authority herein granted will become effective within ten days after the date hereof.
4. Aptos Water Company shall file with the Commission a report as required by the Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.
5. Aptos Water Company may not charge to fixed capital accounts more than \$51,000.00, and shall within sixty days after the acquisition of the properties referred to herein, file with the

Commission a statement showing how the \$51,000.00 was distributed
to fixed capital accounts.

DATED at San Francisco, California, this 23^d day of
April, 1928.

Leon Whidley

W. J. Seaver

Ernest Deoto

Paul Louis

W. J. Seaver

Commissioners.