

Decision No. 20928

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the)
DIAMOND RIDGE WATER COMPANY,)
a corporation, for permission to issue)
thirteen shares of treasury stock in)
payment of a bill for one hundred)
thirty dollars (130.00).)

Application No. 15499.

BY THE COMMISSION:

ORIGINAL

O P I N I O N

In this proceeding the Railroad Commission is asked to make an order authorizing Diamond Ridge Water Company to issue thirteen shares of its common capital stock now held in its treasury in payment of indebtedness of \$130.00.

Diamond Ridge Water Company is a corporation organized during March, 1916, for the purpose of supplying water for industrial, commercial and irrigation uses in and about the Towns of Diamond Springs and El Dorado, El Dorado County.

The corporation has an authorized capital stock of \$500,000.00, divided into 10,000 shares of the par value of \$50.00 each, all common. Upon its organization it issued \$250.00 of stock to its five directors for qualifying purposes and thereafter, under authority granted by this Commission, issued \$100,000.00 of stock to pay for its water system and properties. (Decision No. 4269, dated April 26, 1917, Vol. 13, Opinions and Orders of the Railroad Commission of California, page 74.)

The company has issued and outstanding at this time no bonds or other indebtedness except \$5,000.00 of short term notes and miscellaneous current liabilities of about \$3,500.00. Its assets and liabilities as of March 1, 1929, are reported as follows:-

ASSETS:

| | |
|-------------------------------|--------------|
| Fixed Capital | \$119,261.12 |
| Cash | 856.22 |
| Accounts receivable | 2.10 |
| Treasury securities | 17,250.00 |
| Corporate deficit | 29,382.59 |

Total Assets\$167,252.03

LIABILITIES:

| | |
|-------------------------------------|--------------|
| Capital stock , | \$100,250.00 |
| Assessments | 60,039.22 |
| Notes payable | 3,000.00 |
| Accounts payable | 3,423.76 |
| Service billed in advance | 539.05 |

Total Liabilities\$167,252.03

This utility has been before the Commission on a number of occasions and the value of its properties, its revenues and expenses, rates, service conditions and other matters have been reviewed by the Commission from time to time. In 1917, at the beginning of the company's operations, valuations were made of the properties, one by Mr. Jesse B. Holly for the company, showing an estimated reproduction cost of \$121,461.28 and a present value of \$113,794.39, and one by Mr. Milo E. Brinkley, for the Commission, showing an estimated reproduction cost of \$203,588.88 and a present value of \$166,334.00, excluding any allowance for water rights. Annual statements since filed indicate but few expenditures for additions and betterments. A finding by the Commission of the value of the properties was not made, for the reason that the stock

issue requested was only \$100,000.00 and the properties seemed ample to support such an issue.

During 1925 applicant filed an application for permission to discontinue service. Thereafter some forty or more of the consumers, rather than see the system abandoned, purchased the outstanding stock for \$10,000.00 and have since continued to operate the properties. Of the stock heretofore issued, 345 shares, par value \$17,250.00, has been returned to the treasury of the company.

It seems that the properties of the company have been in a poor state of repair and that since the change in ownership of the outstanding stock considerable amounts have been expended in reconditioning the transmission and distribution lines, which amounts, it is reported, have been obtained through assessments and borrowed moneys. It is also reported that one creditor of the company, holding a bill for \$130.00 for material and labor in hauling lumber for the flumes has offered to take in satisfaction of his claim thirteen shares of the company's stock, now held in its treasury after its reacquisition, at the price of \$10.00 a share. The request accordingly has been made for permission to dispose of the stock under these conditions.

Ordinarily, we would not authorize the issue of stock at the price named herein but in view of the fact that this is in effect a re-issue of stock, heretofore issued under authority granted by the Commission and will not increase the total stock outstanding against the property beyond the amount heretofore permitted to be used to purchase such properties, which amount seems to be justified by the property values, we will grant the application. Such an action, however, is not to be construed as binding upon the Commission to authorize this or any other utility to issue treasury stock, or

additional stock, under the terms set forth herein.

O R D E R

Diamond Ridge Water Company having applied to the Railroad Commission for permission to issue stock, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary and that the application should be granted as herein provided, and that the issue of the stock is reasonably required by applicant for the purpose specified herein,

IT IS HEREBY ORDERED that Diamond Ridge Water Company be, and it hereby is, authorized to issue thirteen (13) shares of its capital stock at \$10.00 a share, for the purpose of paying outstanding indebtedness of \$130.00.

The authority herein granted is subject to the following conditions:-

- (1) Applicant shall keep such record of the issue of the stock herein authorized and of the disposition of the proceeds as will enable it to file within thirty (30) days thereafter 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.

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

DATED at San Francisco, California, this 12th
day of April, 1929.

David L. Lott

C. J. Casey

Leon Whittell

W. J. Linn

Commissioners.