

LEM

Decision No . 23971 .

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
NEWHALL WATER COMPANY,  
a corporation, to issue its preferred  
stock. }

Application No. 17404

**ORIGINAL**

Koenig and Brunton, by Victor Koenig,  
for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding the Railroad Commission is asked to authorize Newhall Water Company, a corporation, to issue and sell at par, \$22,000.00 par value of its eight percent cumulative preferred stock for the purpose of paying outstanding indebtedness in the amount of \$21,483.79, and the cost of amending its Articles of Incorporation and preparing and presenting this application.

Newhall Water Company has an authorized stock issue of \$75,000.00 divided into \$25,000.00 of eight percent cumulative preferred stock and \$50,000.00 of common stock. None of the preferred stock has been issued. By Decision No. 22168 dated February 27, 1930 in Application No. 16275 the Commission authorized applicant to issue \$26,000.00 of its common stock in part payment for the properties operated under the name of Newhall Water System. It also authorized applicant to issue and sell at par on or before December 31, 1931, \$16,300.00 of common stock to pay for improvements to its water system, to which reference is made in the Commission's decision. Under the authority granted by Decision No. 22168 the

company has issued \$32,100.00 of common stock and has sold but not yet issued \$1,800.00 of common stock. The \$1,800.00 of common stock has not been issued because the subscribers therefor as of May 31, 1931 owed the company \$1,151.00 on their subscription contracts.

By said Decision No. 22168 the Commission authorized applicant to assume \$21,483.79 of notes payable by the Newhall Water System. The \$21,483.79 includes a \$20,000.00 note issued under the authority granted by Decision No. 14953 dated May 21, 1925. This note is now held by Mrs. H. C. Needham and is overdue. The payment of the note is secured by a mortgage. The holder of the note has threatened to initiate foreclosure proceedings unless the note or at least a part thereof is paid. It is primarily for the purpose of paying this note that the applicant asks permission to issue its eight percent cumulative preferred stock.

The record shows that applicant has been unsuccessful in refinancing the \$20,000.00 note through the issue of a new note. It further shows that eight percent is the current prevailing interest rate at Newhall. The re-routing of the State Highway has adversely affected property values at Newhall. Some of applicant's consumers have agreed to purchase part of its preferred stock and thereby enable it to pay its indebtedness. The stock is callable on and after May 16, 1936, at par and accrued and unpaid accumulated dividends.

#### O R D E R

Newhall Water Company having asked permission to issue \$22,000.00 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 the issue of such stock is reasonably required by applicant for the

purposes herein stated, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. Newhall Water Company may, on or before June 30, 1932, issue and sell for cash at not less than par, \$22,000. par value of its eight percent cumulative preferred stock and use the proceeds obtained through the issue of such stock to pay the \$21,483.79 of indebtedness which it was authorized to assume by Decision No. 22168, dated February 27, 1930, and for such other purposes as the Commission may hereafter authorize by a supplemental order or orders. None of said proceeds shall be used to pay the costs of amending applicant's Articles of Incorporation or of preparing and presenting this application.
2. Newhall Water Company 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.
3. The authority herein granted will become effective upon the date hereof.

DATED at San Francisco, California, this 24<sup>th</sup> day of August, 1931.

L. W. Williams

M. B. Harris  
Fred G. Stewart  
Commissioners