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Decision No. 10404.

BEFORE THE RAILROAD COMMISSION OF THE  
STATE OF CALIFORNIA

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**ORIGINAL**

In the Matter of the Application of )  
SAN JOSE WATER WORKS, )  
a corporation, for permission to sell )  
stock and pay outstanding notes. )

Application No. 7777

Joseph R. Ryland for applicant.

BENEDICT, Commissioner.

OPINION

SAN JOSE WATER WORKS asks permission to issue and sell at not less than par \$260,400.00 of its common capital stock for the purpose of financing the cost of additions and betterments referred to below and through such financing pay outstanding notes and reimburse its treasury on account of earnings expended for additions and betterments.

Applicant reports that from December, 1, 1920 to March 31, 1922, it expended for additions and betterments to its plants and properties the sum of \$311,893.59, which expenditures it segregates as follows:-

<u>Tangible Capital:</u>	
Land devoted to Water Operations,.....	\$13,861.59
Buildings, Structures and Grounds,.....	3,959.33
<u>Source of Water Supply:</u>	
Impounding dams and reservoirs,.....	82,298.88
Wells,.....	17,733.60
Collecting reservoirs,.....	3,905.64
<u>Pumping Station Equipment:</u>	
Pumping Equipment,.....	22,710.71
<u>Transmission and Distribution Capital:</u>	
Distribution Mains,.....	87,140.16
Hydrants,.....	359.50
Services,.....	17,613.60
Meters,.....	56,579.53
<u>General Capital:</u>	
Office equipment,.....	223.12
Shop equipment,.....	727.92
Stable and Garage,.....	4,780.01
Total,.....	\$311,893.59

Applicant corporation was organized on or about February 1, 1916, with an authorized stock issue of \$2,500,000, divided into 25,000 shares of the par value of \$100.00 each. Stock in the amount of \$2,153,900.00 is reported outstanding. Of this stock, \$1,500,000.00 was issued as part payment for the properties of the San Jose Water Company. The remainder of the stock, \$653,900.00, was issued and sold to finance additions and betterments to applicant's plant and properties. The larger part of the \$653,900.00 of stock was sold by the company at \$105.00 per share. It appears from the record that applicant has not had to incur any expenses in connection with the sale of its stock. It has for many years past been paying an annual dividend of 6 per cent.

As of March 31, 1922, applicant reports assets and liabilities as follows:

ASSET ACCOUNTS:

Fixed Capital,.....	\$2,601,826.43
Cash,.....	7,374.01
Accounts receivable,.....	16,014.42
Garden City Bank and Trust Co.,.....	2,020.94
Liberty Bonds,.....	40,000.00
Materials and Supplies,.....	43,050.51
Collector's Fund,.....	90.00
Prepaid Insurance,.....	891.30
Suspense,.....	2,125.23
T o t a l, .....	\$2,713,392.84

LIABILITY ACCOUNTS:

Capital stock,.....	\$2,153,900.00
Notes Payable,.....	235,400.00
Accounts Payable,.....	170.35
Appreciation of Fixed Capital,.....	931.86
Insurance Reserve,.....	8,282.28
Premium on Capital stock,.....	30,255.00
Reserve for accrued depreciation,.....	243,700.42
Taxes accrued,.....	6,259.20
Service billed in advance,.....	227.05
Engineering,.....	1,084.19
Corporate Surplus,.....	33,182.43
T o t a l, .....	\$2,713,392.84

Applicant is paying 6 per cent. interest on the \$235,400.00 of outstanding notes. It proposes to sell \$235,400.00 of stock, or such portion thereof as may be necessary, to pay the outstanding notes. Stock in the amount of \$25,000.00 will be sold by

applicant and the proceeds used to reimburse its treasury on account of earnings expended for additions and betterments.

I believe this application should be granted and herewith submit the following form of Order:

O R D E R

SAN JOSE WATER WORKS having applied to the Railroad Commission for permission to issue and sell \$260,400.00 of its common capital stock, a public hearing having been held 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 for the purposes specified in this order and that such purposes are not reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED, that SAN JOSE WATER WORKS be, and it is hereby, authorized to issue and sell, on or before December 31, 1922, at not less than par, \$260,400.00 par value of its common capital stock for the purpose of financing in part the cost of additions and betterments described in this application, and through such financing pay notes aggregating \$235,400.00 and reimburse its treasury in the amount of \$25,000.00 on account of earnings expended for additions and betterments; provided -

THAT San Jose Water Works will keep such record of the issue and sale of the stock herein authorized and of the disposition of the proceeds as will enable

it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

DATED at San Francisco, California, this 3<sup>rd</sup> day of May, 1922.

*H. B. ...*  
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*W. J. ...*  
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*W. J. ...*  
Commissioners.