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Decision No. 10833.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
COMPTON WATER & LIGHTING COMPANY)
for an order authorizing the issue)
of stock.)

Application Number 7870

ORIGINAL

J. Lee Shepard, for Applicant.

BY THE COMMISSION:

OPINION

In this application Compton Water and Lighting Company asks permission to issue and sell at not less than par, 388 shares of its capital stock, of the par value of \$50.00 each, for the purpose of financing the cost of additions and betterments to its plant and properties.

A public hearing was held before Examiner Williams in Compton.

The petition shows that applicant was incorporated on or about December 7, 1903 and is at present supplying water for domestic and irrigation purposes to about 700 consumers in and about Compton, Los Angeles County. It reports its revenues and expenses for the years ending December 31st as follows:-

Income Account	1919	1920	1921
Operating Revenues	\$4,757.73	\$5,338.62	\$7,394.27
Operating expenses	3,763.48	4,363.60	6,284.54
Net Operating Revenues	994.25	975.02	1,109.73
Non Operating Revenues	-	30.22	-
Gross Corporate Income	994.25	1,005.24	1,109.73
Interest deductions	70.41	-	149.76
Profit for Year	\$ 923.84	\$1,005.24	\$ 959.97

The company was organized with an authorized capital stock of \$25,000.00 divided into 500 shares of the par value of \$50.00 each. Of this amount, 112 shares of the aggregate par value of \$5,600.00 are at present outstanding. This application involves the issue and sale of the remaining authorized but unissued stock.

The record shows that during the year 1921 applicant expended \$27,499.66 for additions to its fixed capital, as follows:-

Pumping Equipment	\$2,778.55
Distribution mains and canals	19,301.07
Services	3,021.72
Meters and Measuring Devices	1,134.41
Wells	913.91
General Equipment	<u>350.00</u>
TOTAL	<u>\$27,499.66</u>

It appears, from testimony herein, that these additions were financed with borrowed moneys and through surplus earnings. As of December 31, 1921, the company reported its outstanding indebtedness as \$23,398.89 consisting of a \$5,000.00 secured note payable August 22, 1926, \$2,650.00 of unsecured notes and open accounts of \$15,748.89. As of the same date the company reported reserve for accrued depreciation of \$6,178.42 and corporate surplus unappropriated of \$8,245.23.

The company now proposes to use the proceeds from the sale of its stock to pay its outstanding open accounts and such of its notes as are now due. The remainder of the proceeds will be expended for extensions, additions and betterments. J. Lee Shepard, applicant's president, testified that it is proposed to expend \$5,600.00 in the immediate future for capital additions consisting, in general, of a new pumping plant, 2,000 feet of six inch wood pipe and a steel tank of a capacity of from 40,000 to 60,000 gallons.

O R D E R

COMPTON WATER AND LIGHTING COMPANY, having applied to the Railroad Commission for an order authorizing the issue and sale of stock, a public hearing having been held, and the Railroad 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,

IT IS HEREBY ORDERED that Compton Water and Lighting Company be, and it is hereby, authorized to issue and sell, at not less than par, 388 shares (\$19,400.00) of its capital stock, and to use the proceeds to pay, in part, its outstanding indebtedness, and to finance in part the cost of the additions, extensions and betterments referred to in this application and in the foregoing opinion.

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

1.....Applicant shall 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 25th 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.

2....The authority herein granted shall apply only to such stock as may be issued and sold on or before December 31, 1922.

DATED at San Francisco, California, this 10th day of August, 1922.

H. B. ...

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Commissioners.