

ORIGINAL

Decision No. 1444

Decision No. ✓

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
 the Wilmington Water Company for an)
 order authorizing the issue of stock)
 and stock certificates.)

Application No. 1035

Thomson and Spencer for applicant.

EDGERTON, Commissioner.

OPINION

This is an application by Wilmington Water Company for authority to issue 155 shares of its capital stock of a par value of \$100 each.

Applicant is a corporation organized for the purpose of installing and operating a water distributing system in the tract of land comprising about 48 acres located in the County of Los Angeles just north of the city limits of the former City of Wilmington. This Commission has heretofore issued a certificate of public convenience and necessity to applicant for the operation of said system at said place.

It is proposed by applicant to issue this stock at par for the following purposes:

1. To reimburse Edwin W. Sandison, Jr. the sum of \$5,886.17, advanced by him and used by the corporation for its organization, for obtaining its franchise and for the building and equipping of its plant.

2. The acquisition and installation of 360 meters at an average cost of about \$9.00 each, or \$3,240.00, and for the installation of these meters and for service connections, \$5.00 each, or \$1,800.00.

3. For the maintenance of its service for a period of two years, \$2,000.00 and for extensions, betterments and repairs, \$2,500.00.

Applicant has installed its plant in a tract of land lately subdivided into building lots, which are not now occupied, but which it is expected will be sold in the near future. The cost of its plant to date has been \$5,886.17, which Mr. Edwin W. Sandison, Jr. has advanced and inasmuch as these building lots are not now occupied the revenue of the company from the sale of water will be comparatively small for some time to come. Hence the request that we permit the issuance of \$2,000.00 to maintain the service for an estimated period of two years, during which the income will not be sufficient to maintain the service.

Applicant proposes to install meters on every service and to pay for the service connections, meters and the installation thereof itself. Hence the request for permission to issue \$3,300.00 of stock for the purchase of meters, and \$1,800.00 for the installation thereof and for service connections.

It is expected that the plant will have to be considerably extended and betterments added^{and} for this purpose we are asked to permit the issuance of \$2,500.00 of stock.

The request for permission to issue \$2,000.00 of stock to maintain service for an estimated period of two years should at this time be denied. It would be unwise to commit ourselves to the proposition that of necessity this plant will not produce income sufficient to maintain service for any definite or indefinite period. The consideration of this item should be left to a time

When a conclusion could be reached based upon actual experience.

I recommend that this application with the above exception be granted with the proviso that before any of the money derived from the sale of stock is used for the purpose of making extensions and betterments, a detailed statement with an estimate of cost of such proposed extensions and betterments be filed for the approval of this Commission.

I submit herewith the following form of order:

O R D E R

Application having been made by Wilmington Water Company for an order authorizing the issue of 155 shares of its capital stock of the par value of \$100 per share, and a public hearing having been had thereon and it appearing to the Commission that the purposes for which the proceeds of the sale of said stock are to be used are not in whole or in part reasonably chargeable to operating expenses or to income.

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that Wilmington Water Company is hereby authorized to issue 135 shares of its capital stock of a par value of \$100 per share, upon the following conditions, not otherwise:

1. \$5,900.00 par value of said stock shall be issued to Edwin W. Sandison, Jr. in full payment and compensation for the sum of \$5,886.17, heretofore advanced by him to said company. Immediately upon the issuance of this stock there shall be a certificate filed with the Commission signed by a duly authorized officer of said company, certifying that Edwin W. Sandison, Jr. has receipted in full for all moneys advanced by him to said corporation.

2. 76 shares of the capital stock of applicant may be sold to net applicant not less than par and the proceeds thereof shall be used for the following purposes:

- a- For the purchase of meters..... \$3,300.00
- b- For the installation of said meters and of service connections. 1,800.00
- c- For extensions and betterments.... 2,500.00

Provided, that no expenditures from the proceeds of the sale of said stock for the purpose of making extensions or betterments shall be made until there shall have been filed for the approval of the Commission, a statement in detail with estimated cost of the proposed extensions or betterments.

3. Said company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of said stock hereby authorized to be issued, and on or before the 25th day of each month the company shall make a verified report to the Commission in accordance with the Commission's General Order No. 24, stating the sale or disposition of such stock during the preceding month, the terms and conditions of such sale or other disposition, the moneys realized therefrom and the use and application of such moneys.

4. The authority hereby given to issue such stock shall apply only to stock issued by said company on or before the 15th day of April, 1915.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 15th day
of April, 1914.

H. H. Howard
W. H. Gordon
Edwin O. Edgerton

Commissioners.