

Decision No. ✓

# ORIGINAL

Decision No. 1468

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of )  
 Happy Valley Land and Water Company, )  
 a corporation for authority to issue ) Application No. 1092  
 one thousand shares of capital stock. )

Roscoe D. Jones for applicant.

EDGERTON, Commissioner.

### O P I N I O N

This is an application by Happy Valley Land and Water Company for authority to issue 1,000 shares of capital stock, par value \$10,000.

The Articles of Incorporation of applicant authorize it to issue 25,000 shares of stock of a value of \$10 each, or \$250,000. Of this there is outstanding 7,076 shares of a par value of \$70,760.

The indebtedness of the company is as follows:

Mortgage note to Bank of Anderson,  
 March 7, 1913, payable March 7, 1914,  
 first interest rate 6 per cent, second  
 interest rate 7 per cent ..... \$8,500

Mortgage to Rideout Smith Bank of Oro-  
 ville, three notes of \$1,000 each,  
 dated February 11, 1914, February 27,  
 1914 and March 16, 1914, payable on  
 demand, interest at 7 per cent ..... 3,000

Unsecured indebtedness ..... 1,750

Total debt ... \$13,250

The company states that for the year ending December 31, 1913, its operations showed a deficit of \$4,469.61.

The company filed in its annual report a statement of fixed capital in the sum of \$261,735.30, made up as follows:

Ditch properties .....	\$157,000.00
Water rights .....	100,000.00
Reservoirs .....	3,000.00
New Ditch and reservoir work .....	<u>1,735.30</u>
Total .....	\$ 261,735.30

The company proposes with the \$10,000 realized from the sale of the stock herein asked to be authorized, to pay off the following indebtedness which was incurred for money used in construction and additions and betterments to its plant, to-wit:

Promissory notes due Rideout Smith Bank of Oroville.....	\$ 3,000.00
Unsecured indebtedness .....	1,750.00

The balance of the money is to be used toward the construction of an earthen dam as described in the application, which will cost between \$3,000 and \$5,000.

It is apparent from the above that there is a reasonable amount of property owned by applicant to justify the proposed issue of stock, but it is also evident that its ability to pay dividends on this stock in the next few years is doubtful. However, it probably will be of advantage to property owners in the vicinity of this system to take stock and thus promote the building and operation of the water plant so as to serve their property, and I think that this application should be granted but that the sale of stock be limited to the owners of property adjacent to applicant's system and who will become customers of applicant and to the existing stockholders of applicant.

I submit herewith the following form of order:

ORDER

Application having been made by Happy Valley Land and Water Company for an order authorizing the issue of \$10,000 par value of its capital stock, and a hearing having been duly held 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, and that the purposes for which the proceeds of the sale of said stock are to be used are proper and lawful.

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that Happy Valley Land and Water Company is hereby authorized to issue 1,000 shares of its capital stock of a par value of \$10 per share, upon the following terms and conditions, not otherwise:

1. Applicant shall realize not less than par for said stock and shall sell said stock only to its present stockholders or to such owners or persons having an interest in land irrigable from the system of applicant as shall signify their intention to become consumers of applicant.

2. The money realized from the sale of said stock shall be used for the following purposes only:

To pay off and retire promissory notes due Rideout Smith Bank of Oroville .....	\$3,000
Unsecured indebtedness .....	1,750
For the construction of an earthen dam as described in the application at an estimated cost of between .....	\$3,000 and \$5,000

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 Com-

mission's General Order No. 24, stating the sale or disposition of such stock during the ~~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 1st day of May, 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 <sup>1st</sup> day  
~~of April,~~ <sup>May</sup> 1914.

W. H. Ireland

W. H. Ireland

Edwin O. Edgerton

Commissioners.