

Decision No. _____

ORIGINAL

Decision No. 2577

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA

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In the Matter of the Application of)
THE CAMPBELL WATER COMPANY) Application No. 1732.
for permission to issue new stock.)

E.R. Kennedy, for applicant.

GORDON, Commissioner.

O P I N I O N

This is an application of THE CAMPBELL WATER COMPANY, operating in the town of Campbell, Santa Clara County, for authority to issue forty shares of stock of the par value of \$25. per share.

The Campbell Water Company was organized in December, 1913, to supply water for irrigation and domestic purposes to the inhabitants of Campbell and vicinity.

Under an order of the Commission, dated May 5, 1914, it acquired the properties of Campbell Water Company.

Applicant has an authorized stock issue of 1,000 shares of the par value of \$25. per share, of which 460 shares are now outstanding. It has issued no bonds and has no indebtedness other than a demand note for \$800, dated October 16, 1914, payable to R.K. Thomas, and bearing interest at the rate of seven per cent. per annum. The proceeds from this note were applied toward the refunding of two notes in the total sum of \$1,200, payable to the Bank of Campbell, and dated December 31, 1913.

The proceeds from these two notes were applied to additions and betterments to the company's system.

Annual reports of The Campbell Water Company, and its predecessor, show earnings for the past three years as follows:

	<u>Dec.31-12</u>	<u>Dec.31-13</u>	<u>Dec.31-14</u>
Operating Revenues	4,277.68	5,852.80	3,669.28
Operating Expenses	<u>3,718.11</u>	<u>3,895.94</u>	<u>2,853.23</u>
Net Operating Revenue	559.57	1,956.86	816.05

The company in its application states that dividends have been paid as follows:

1910 - 6% on capital stock of par value of \$5,525, or \$331.50

1911 - None

1912 - None

1913 - 25% on capital stock of par value of \$6,000, or \$1,500.

1914 - 6% on capital stock of par value of \$12,000, or \$720.

At the hearing of Application No. 1065, decided May 5, 1914, the Commission's engineers estimated the value of this property to be approximately \$13,500. Since April 5, 1914, and prior to January 1, 1915, the company states that it has laid pipe, installed meters and made other additions to its system in the sum of \$1,109.17.

Applicant accordingly wishes to issue \$1,000 of stock and use the proceeds in paying the \$800 note above mentioned and to use the balance in reimbursing its treasury for expenditures from surplus.

After a consideration of the evidence submitted by The Campbell Water Company, I am of the opinion that its application is proper and should be granted, and I accordingly recommend the following form of Order.

O R D E R.

THE CAMPBELL WATER COMPANY, having applied to this Commission for authority to issue 40 shares of stock of the par value of \$25. per share;

And a hearing having been held, and it appearing to this Commission that applicant's request is reasonable and should be granted, and that the purposes for which said stock are to be issued are not reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that THE CAMPBELL WATER COMPANY be, and it is hereby, authorized to issue and sell 40 shares of stock of the par value of \$25. per share, the proceeds to be used in retiring a note in the sum of \$800., payable to R.K. Thomas, and dated October 16, 1914, and in reimbursing the company's treasury for the sum of \$200. expended for additions and betterments.

The authority herein granted is granted upon the following conditions, and not otherwise:

- (1).- The Campbell Water Company shall sell the stock herein authorized to be issued at not less than its par value of \$25. per share;
- (2).- Within thirty days after the note to R.K. Thomas in the sum of \$800. has been retired, applicant shall make report of such fact to this Commission.
- (3).- The authority herein granted to issue stock shall apply only to such stock as shall have been issued by The Campbell Water Company on or before December 31, 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 8th -
of July, 1915.

W. H. Townsend
W. L. Gordon
Edwin O. Edgerton

Commissioners.