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Decision No.

ORIGINAL

Decision No. 2978

BEFORE THE RAILROAD COMMISSION OF
THE STATE OF CALIFORNIA.

In the Matter of the Application)
of WILLIAMS WATER AND ELECTRIC)
COMPANY for permission to issue)
stock.)

Application

No. 1869.

C. K. Sweet for Applicant.

BY THE COMMISSION.

O P I N I O N

In this application WILLIAMS WATER AND
ELECTRIC COMPANY asks authority to issue \$4,354.
par value (4,354 shares of the par value of \$1.
per share) of capital stock. The stock sought to
be issued is to be issued for the following pur-
poses:

1. 3,599 shares to be issued to C. K. Sweet to reimburse him for \$3,599. advanced by him to the company and expended by the company for betterments to its property.

2. 755 shares to stockholders of Williams Water and Electric Company, the same being issued as a stock dividend, \$755. of the net income of the company having been used for the improvement of the company's property instead of being distributed as dividends to the stockholders.

Applicant was incorporated April 15, 1909, with an authorized stock issue of \$25,000, divided into 25,000 shares of the par value of \$1. per share. At present 4,351 shares of the stock are issued. Under agreement to issue stock at par in return therefor, the president of the company has advanced money in the sum of \$3,599 to the company for the improvement of the plant. and \$755. of the net earnings of the company have been invested by the company for the same purpose.

A detailed statement of the use to which these funds were put was filed by the applicant and was carefully checked and approved by the hydraulic engineers of the Commission. The company's investment, as shown by the annual report of the company, revised by the auditing department of the Commission, is as follows:

| | |
|--|-------------------|
| Plant Investment December 31, 1910 | \$6,356.84 |
| 1911 | 861.56 |
| 1912 | 759.96 |
| 1913 | 579.13 |
| 1914 | 377.26 |
| Total | <u>\$8,734.75</u> |
| Less depreciation | 129.10 |
| Net | <u>\$8,605.65</u> |

Against the investment of \$8,605.65, applicant reports liabilities as follows:

| | |
|----------------------------|-------------------|
| Stock | \$4,351.00 |
| Accounts payable | 3,670.59 |
| Depreciation reserve | 207.00 |
| Corporate surplus | 377.26 |
| Total | <u>\$8,605.65</u> |

From the foregoing financial statement it will be observed that the assets of the company are sufficient to justify the issue of the stock sought by applicant, and it further appears that the money advanced by the president of the company and the funds which should have been distributed as dividends have been carefully invested to the end that the company has received full value therefor.

Applicant has by a resolution of the stockholders thereof asked the Commission to issue the stock in the following manner:

| | |
|---|-------------|
| Mrs. D.E. Welch | 17 shares |
| Oscar Robinson | 347 shares |
| C. K. Sweet | 390 shares |
| C. K. Sweet (on account of money advanced) | 3599 shares |
| Treasury stock | 1 share. |

The reason for asking that one share of treasury stock be issued is that the interest of each of the stockholders in the fund which has been invested, and for which they are to receive stock, will result in a fractional share to each stockholder, and will thereby entail bookkeeping on the corporation disproportionate to the amount involved.

The issue of this share of stock would serve no purpose to the corporation, and it therefore seems advisable to the Commission that the cor-

poration continue to credit each stockholder with the amount of his interest therein until such time as occasion may arise for the company to cancel its obligations to its stockholders.

ORDER

WILLIAMS WATER AND ELECTRIC COMPANY having applied to this Commission for authority to issue stock as hereinbefore set forth,

And a public hearing having been held thereon, and it appearing to this Commission, and the Commission hereby finds as a fact, that applicant's request is reasonable and should be granted, and that the purposes for which it is proposed to issue said stock are not reasonably chargeable to operating expenses or to income.

IT IS HEREBY ORDERED that Williams Water and Electric Company be, and it is hereby, authorized to issue 4,354 shares of its capital stock as follows:

| | |
|---|-------------|
| C. K. Sweet | 390 shares |
| C. K. Sweet (on account of money advanced) | 3599 shares |
| Mrs. D. E. Welch | 17 shares |
| Oscar Robinson | 547 shares |

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

1. The stock herein authorized to be issued shall be issued so as to net applicant not less than

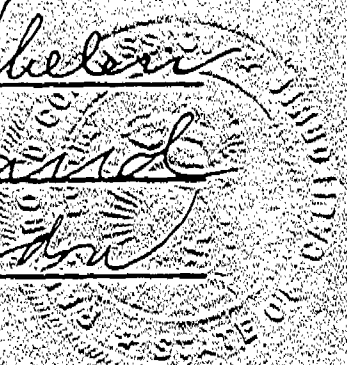
its par value of \$1. per share.

2. Within thirty days after the issue of any of the stock herein authorized, applicant shall make report of such issue to this Commission.

3. The authority herein granted shall apply only to such stock as shall have been issued on or before February 1, 1916.

Dated at San Francisco, California, this 17th
day of December, 1915.

Max Thelen
Attorney
for Applicant
Frank R. Dehn



Commissioners.