

ORIGINAL

Decision No. 3752

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BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application
of the WILLOWBROOK WATER COMPANY,
a corporation, for validation of
stock heretofore issued. } Application No. 2486.

John B. Haas for applicant.

BY THE COMMISSION:

O P I N I O N.

Applicant seeks authority to issue certain shares of its capital stock in lieu of stock heretofore issued by it without authority of the Commission and to issue other portions of its capital stock in payment for the assets received from the trustees for the stockholders of a former corporation of the same name now out of existence.

Applicant was incorporated February 13, 1912 with an authorized capital stock of \$25,000 divided into 2500 shares of the par value of \$10 each. It acquired from the trustees in liquidation of a defunct mutual corporation of the same name all of the assets of the old company and assumed and subsequently paid all of the debts thereof, upon the agreement that in further payment for the assets applicant would issue its shares to the stockholders of the old company in exchange for the old stock, share for share.

Applicant has issued 670 of its shares in exchange for 670 of the 1559 shares of the old stock.

outstanding. The remainder of its capital stock is in its treasury unissued. All of its issued stock has been issued since March 23, 1912 in ignorance of the provisions of the Public Utilities Act requiring prior authority therefor from the Commission. The testimony shows that applicant was organized as a mutual corporation February 13, 1912, but that on or about March 15, 1913 it extended its mains along Hersom Avenue and began serving water for compensation to consumers living along that street who were not stockholders, and that it has ever since been a public utility. It now serves water to about 116 consumers and reports a healthy growth in its business.

At the hearing of Application No. 2355 by the same applicant for authority to issue a note for \$5,000 to purchase and install mains in streets being paved, where the new grades would be below the old pipes of the company, the value of applicant's system, without pumps or distributing mains was estimated by it at \$2460, and by the Commission's engineers without distributing mains at about \$2200, but with some probable salvage from the old mains removed. Applicant reports that since the Commission rendered Decision No. 3470 in the above application to issue note, the new distributing system has been installed and a corresponding indebtedness incurred by the company. We think the par value of the stock outstanding should be limited to about the actual value of the property, and that all the stock heretofore issued by applicant or the old company of the same name should be surrendered and new stock of applicant issued therefor in the ratio of one and one-half

(1½) shares of new stock in exchange for 10 shares of old stock.

O R D E R.

WILLOWBROOK WATER COMPANY having applied to the Railroad Commission for authority to issue stock in lieu of stock heretofore issued without authority of the Commission, and also to issue stock in exchange for stock of a former corporation of the same name and in payment for the assets of the said former corporation, and a public hearing having been held on said application and it appearing that the purposes for which applicant wishes to issue said stock are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Willowbrook Water Company be and it is hereby authorized to issue to the holders of certificate for shares of its capital stock heretofore issued by it without authority ^{and} to holders of the stock of said former corporation also named Willowbrook Water Company, 235.85 shares of the capital stock of applicant in the ratio of one and one-half shares of applicant's stock in exchange for and upon the cancellation and surrender of 10 shares of said stock heretofore issued and now outstanding.

On or before the 25th day of each month applicant shall file with the Railroad Commission statement certified under oath, showing in detail its stock issued, to whom issued, and the stock surrendered and cancelled and by whom, all in accordance with the provisions of General Order No. 24 heretofore issued by the Commission, which said order in so far as applicable is hereby made a part of this order.

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

1. The authority herein granted shall not be considered or treated in any proceedings before this Commission or before any other tribunal as a finding of this Commission of the value of the property of applicant for any purposes other than that of the present application.

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

Dated at San Francisco, California, this 14th
day of October, 1916.

Max Thelen

Hydrovalated

Chas Gordon

Edwin O. Edgerton

Commissioners.