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Decision No. _____

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of PASADENA CONSOLIDATED WATER COMPANY, a corporation, for per- mission to issue certain shares of stock.	} } } }	<u>Application No. 3124</u>
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Decision No. 4627-

J. B. Couiston for applicant.

DEVLEN, Commissioner.

O P I N I O N

In this application, Pasadena Consolidated Water Company asks authority to issue at par 217 shares of its common capital stock of the par value of \$100.00 each for purposes hereinafter indicated.

Pasadena Consolidated Water Company was organized in January 1912. Its articles of incorporation define the territory within which it may operate. It now proposes to amend its articles of incorporation so as to permit it to sell and distribute water for domestic and irrigation purposes upon 161 additional acres of land owned and controlled by the William Allen Estate Company and Edgar Arthur Allen, Harold Ernest Allen and Walter Irving Allen, trustees, under the will of William Allen deceased. In order to secure water for the 161 acres, the William Allen Estate Company, et al. are willing to deliver to the Pasadena Consolidated Water Company property valued by applicant at \$27,325.00, said property consisting of a tract of land, valued at \$2,640.00, a reservoir costing \$15,445.35 and 643 shares

of the capital stock of Precipice Canyon Water Company, a mutual company, at \$15.00 per share. Pasadena Consolidated Water Company also agrees to purchase from the William Allen Estate Company, et al., 1118 shares of capital stock of the Precipice Canyon Water Company and from Harold E. Allen, trustee for Annie Eester Allen and Louisa Edith Bowring, 306 shares of the stock of Precipice Canyon Water Company. To acquire this stock, Pasadena Consolidated Water Company proposes to issue 217 shares of its common capital stock.

Of the stock which applicant desires to issue 160 shares are to be delivered to the William Allen Estate Company, et al., 7 shares to Walter Irving Allen and 50 shares are to be sold for cash at par. Of the proceeds, applicant will expend \$4,590.00 to acquire the 306 shares of the capital stock of Precipice Canyon Water Company from Harold E. Allen, trustee, and pay \$50.00 to Walter Irving Allen for the balance of the purchase price of 7 shares of stock and \$20.00 to the William Allen Estate Company for the balance of the purchase price of stock which is to be acquired from the estate company. From the evidence, it appears that an issue of 214 shares of stock will be ample to meet applicant's needs.

Precipice Canyon Water Company, as above stated, is a mutual water company. It has an authorized stock issue of \$625,000.00 divided into 12,500 shares of \$50.00 each. Of this stock, Pasadena Consolidated Water Company now owns 7,011 shares. Should this application be granted and the company acquire the stock, as above indicated, applicant would own and control more than two-thirds of the outstanding stock of Precipice Canyon Water Company. By the acquisition of the

additional stock of the mutual company, applicant will secure the right to one-sixth more of the flow of water in Eaton Canyon than it now controls. Applicant is unable to state how many miners inches of water it would thus acquire. At the present time, applicant obtains its water from Eaton Canyon and also from wells. It is for the purpose of reducing the pumping expenses that applicant desire to acquire additional stock in Precipice Canyon Water Company.

Attached to the application is an agreement relating to the acquisition of the stock of Precipice Canyon Water Company, the rates to be charged and the service rendered. Applicant does not ask the Commission to approve this agreement, nor would the Commission be inclined to approve it if applicant were to make such request. Several of the matters covered by the agreement are under the jurisdiction of the Railroad Commission and are generally covered by the rules and regulations of the company, accepted at the Commission's office for filing, and subject to amendment as necessity may require.

No stockholder of the Precipice Canyon Water Company appeared at the hearing to protest the granting of this application. The president of the Pasadena Consolidated Water Company testified that so far as he knew no one was objecting and that in his opinion the transfer of the stock would be mutually advantageous to both companies.

While I am inclined to recommend that this application be granted, it is with the specific understanding that the authority to issue the stock by Pasadena Consolidated Water Company shall not be interpreted as a finding of value for the stock of Precipice Canyon Water Company, or any water rights which applicant may acquire by virtue of purchasing the stock of the mutual company.

I herewith submit the following form of order:

O R D E R.

PASADENA CONSOLIDATED WATER COMPANY having applied to the Railroad Commission for authority to issue 217 shares of its common capital stock of the par value of \$100.00 each, and a hearing having been held and the Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes specified in the order and that such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses,

IT IS HEREBY ORDERED that PASADENA CONSOLIDATED WATER COMPANY be, and it is hereby, granted authority to issue 214 shares of its common capital stock of the par value of \$100.00 each.

The authority hereby granted to issue stock is upon the following conditions and not otherwise:

1.- Of the stock hereby authorized to be issued, 160 shares shall be delivered to the William Allen Estate Company and to Edgar Arthur Allen, Harold Ernest Allen and Walter Irving Allen, trustees under the will of William Allen, deceased, as part payment for 1118 shares of capital stock of the Precipice Canyon Water Company.

2.- 7 shares of stock hereby authorized to be issued shall be delivered to Walter Irving Allen as part payment for 160 shares of stock of Precipice Canyon Water Company.

3. 47 shares of capital stock hereby authorized to be issued shall be sold by applicant for not less than par and the proceeds thereof expended for the following purposes:

A.-The amount of \$4,590.00 to acquire 306 shares of the stock of Harold Ernest Allen, trustee for Annie Hester Allen and Louise Edith Bowring.

B.-\$50.00 to Walter Irving Allen to pay in part for the 160 shares of stock of Precipice Canyon Water Company.

C. \$20.00 to the William Allen Estate Company and Edgar Arthur Allen, Harold Ernest Allen and Walter Irving Allen, trustees under the will of William Allen, deceased, as part payment for the 1118 shares of capital stock of Precipice Canyon Water Company.

4.- The authority hereby granted to applicant to issue stock shall not be interpreted as a finding of value of the stock of Precipice Canyon Water Company or of the rights which applicant or Precipice Canyon Water Company has by virtue of owning and controlling water rights in Eaton Canyon.

5.- The stock hereby authorized to be issued shall be issued by applicant only after it has filed with the Railroad Commission a copy of its amended articles of incorporation.

6.- Pasadena Consolidated Water Company shall keep separate, true and accurate accounts showing the receipt and and application in detail of the proceeds of the sale

of the stock hereby authorized to be issued; and on or before the twenty-fifth day of each month the company shall make verified reports to the Commission stating the sale or sales of said stock during the preceding month, the terms and conditions of the sale, the moneys realized therefrom, and the use and application of such moneys, all in accordance with this Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

7.-The authority hereby granted shall apply only to such stock as shall have been issued on or before December 20, 1917.

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 day of September, 1917.

Max Shelton

Alfred Gordon

Francis D. Derby

Commissioners.