

ORIGINAL

Decision No. 6942

BEFORE THE RAILROAD COMMISSION OF
THE STATE OF CALIFORNIA.

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In the Matter of the Application of)
SAN JOSE WATER WORKS,) Application No. 5121.
a corporation, for permission to sell)
stock and pay outstanding notes.)

Joseph R. Ryland, for applicant.

DEVLIN, Commissioner.

OPINION.

SAN JOSE WATER WORKS asks permission to issue, and sell for not less than par, \$180,000.00 of its common capital stock.

Applicant reports, and the testimony herein shows, that from September 1, 1917 to November 1, 1919, it has installed improvements, additions and betterments to its properties, or acquired properties, the aggregate cost of which is \$209,558.10. This cost is segregated by applicant as follows:

Real Estate,	\$320.00
Water Rights,	1,033.59
Rights of Way,	4,329.38
Building, Structures, etc.,	34,736.92
Pumping Equipment,	19,318.89
Collecting aqueducts, etc.,	5,206.73
Purification System,	978.40
Miscellaneous Pumping Equipment,	9,185.01
Distribution Mains,	48,446.84
Services,	12,028.72
Meters,	57,523.48
General Capital,	<u>16,450.14</u>
Total,	\$209,558.10

Applicant reports that it has outstanding \$155,000.00

face value of short term notes, and that all of the moneys obtained through the issue of such notes have been expended to pay for the construction of the improvements, extensions, additions and betterments, to which reference has been made. The difference between the cost of such improvements, extensions, additions and betterments and the face value of the notes, represents payments out of earnings.

Joseph R. Ryland, president of the San Jose Water Works, is of the opinion that applicant will have no difficulty in disposing of all of the stock covered by this application at \$105.00 per share. He does, however, request that the company be permitted to sell the stock for not less than par. While the order herein will fix the minimum price at which the company may sell the stock, I am satisfied that the officers of the company will make every effort to obtain the best possible price for the stock.

I herewith submit the following form of Order.

O R D E R.

SAN JOSE WATER WORKS having applied to the Railroad Commission for permission to issue \$180,000.00 par value of its common capital stock, a public hearing having been held and the Railroad 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 this order, and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that SAN JOSE WATER WORKS be, and it is hereby, granted authority to issue and sell at not less than the par value thereof on or before May 1, 1920, \$180,000.00 of its common capital stock and use the proceeds obtained through the sale of such stock to pay the \$155,000.00 face value of notes referred to in the petition herein and to reimburse its treasury to the extent of the

difference between the proceeds realized from the sale of the stock and the face value of said \$155,000.00 of notes; provided that San Jose Water Works will keep such record of the issue and sale of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order Number 24, which order, in so far as applicable, is made a part of this order.

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 13th day of December, 1919.

H. D. Woodard
Frank R. Dunbar
Dwight Martin

Commissioners.