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ORIGINAL

Decision No. 9055.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of)	
WESTERN WATER COMPANY,)	
a corporation, for an order autho-)	<u>Application No. 5969.</u>
rizing the issuance of \$200,000.00)	
par value of its common capital stock.)	

Chickering and Gregory, by Allen L. Chickering,
for applicant.

MARTIN, Commissioner.

O P I N I O N .

WESTERN WATER COMPANY asks permission to issue \$200,000. of its common stock and distribute such stock as a stock dividend.

In Exhibit "1" applicant reports its assets and liabilities as of July 31, 1920, as follows:

Assets:

Cash,	\$96,734.38
Accounts Receivable,	56,959.04
Current Assets,	42,258.18
Capital Assets,	824,879.93
Total Assets,	<u>1,020,831.53</u>

Liabilities:

Accounts Payable,	\$ 28,611.59
Guarantee Deposits,	5,697.50
Depreciation,	430,480.21
Income Reinvested,	198,872.07
Earnings undistributed,	157,170.16
Capital,	200,000.00
Total Liabilities,	<u>1,020,831.53</u>

The Commission in Decision No. 6428, dated June 25, 1919, refers to a report prepared by its engineering department, in which the historical reproduction cost of the properties of Western Water Company, as of January 1, 1919, is reported at \$762,885.00. From January 1, 1919 to July 31, 1920, the company reports an expenditure

of \$31,078.67 for additions and betterments, which added to the \$762,886.00 makes a total of \$793,963.67. The company reports in Exhibit "3" a net investment in fixed capital as of July 31, 1920, of \$824,879.93, which amount is \$30,916.26 in excess of the historical reproduction cost of the properties as found by the Commission's engineers on January 1, 1919 plus the cost of additions and betterments from January 1, 1919 to July 31, 1920. For the purpose of this proceeding, it is not necessary to attempt to reconcile the difference between the net investment in the properties as reported in applicant's Exhibit "3" and the historical reproduction cost of the properties as found by the Commission's engineers plus the cost of additions and betterments, to which reference has been made.

Applicant in its exhibit "2" reports a surplus of \$356,042.23, all of which, with the exception of \$5,017.60, is said to represent actual earnings invested in applicant's properties. The \$5,017.60 is said to represent an appreciation in the value of certain tangible properties purchased by the company. In arriving at its surplus, the company has made allowance for depreciation, and as of July 31, 1920, carries in its reserve for accrued depreciation \$430,480.21. It is because of the investment of surplus earnings in its properties that applicant asks permission to issue \$200,000.00 of its common stock and distribute such stock to its stockholders as a stock dividend. I believe that applicant should be permitted to issue \$200,000.00 of its stock for the purpose of reimbursing its treasury because of earnings invested in properties, and thereafter distribute such stock as a stock dividend to its stockholders.

I herewith submit the following form of Order.

O R D E R.

WESTERN WATER COMPANY having applied to the Railroad Commission for permission to issue \$200,000.00 of its common 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 specified in this order and that the expenditures for such purpose are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED, that WESTERN WATER COMPANY be, and it is hereby, authorized to issue \$200,000.00 of its common capital stock for the purpose of reimbursing its treasury on account of earning invested in property.

The authority herein granted is subject to the following conditions:

(1).-The stock herein authorized shall be issued at par and after being used for the purpose of reimbursing applicant's treasury shall be distributed by applicant, as required and permitted by law, to its stockholders as a stock dividend.

(2).-Western Water Company shall keep such record of the issue and disposition of the stock as will enable it to file on or before the 25th day of each month a verified report, as required by this Commission's General Order No. 24, which order, in so far as applicable is made a part of this order.

(3).-The authority herein granted will apply only to such stock as may be issued on or before December 20, 1920.

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.

~~August~~, 1920. Dated at San Francisco, California, this 2nd day of September

Edwin O. Edgerton

Frank R. Brown

H. K. Brundage

Irving Martin
Commissioners.