

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of )	
The Hanford Water Company for an )	
order authorizing issue of 5875 )	Application No. 623
shares of its treasury stock. )	

EDGERTON, Commissioner.

O P I N I O N

This is an application by The Hanford Water Company for an order authorizing the issue of 5875 shares of its capital stock with a par value of \$10.00 a share.

Applicant is a water company owning and operating wells and a distributing system furnishing water to the inhabitants of the city of Hanford for domestic and industrial purposes.

Applicant has authorized common capital stock of \$200,000.00, of which there has already been issued and is now outstanding, \$116,500.00 par value, and its only indebtedness is \$13,600.00 evidenced by promissory notes, and current indebtedness of \$600.00.

The company introduced evidence at the hearing to show a plant value of \$129,310.81, with an annual net profit of \$12,676.98. Out of this earning, dividends of five per cent per annum have been declared on the outstanding stock.

In September, 1912, there were outstanding bonds of applicant, secured by its water system, in the amount of \$47,000.00 face value, and in that month the stockholders of the company advanced \$47,000.00, with which money the company retired all of these bonds. The stockholders now ask reimbursement for this advancement, and are willing to take

capital stock therefor.

It is requested that these stockholders be allowed to take stock on a basis of 80 per cent of the par value, but inasmuch as the present stockholders will receive whatever additional stock is issued, it was admitted by representatives of applicant at the hearing that no injury would result to the present stockholders who advanced the money aforesaid, if the amount of stock given them in compensation therefor was less than the amount asked for in the application.

While the 5875 shares of stock asked to be authorized would be in effect sold on a basis of 80 per cent of par if this stock were delivered in compensation for the \$47,000.00 advanced to applicant, yet in view of the fact that all of the outstanding stock, including that herein asked to be authorized, would be represented by less than 80 per cent of property to par of stock outstanding, I recommend that applicant be authorized to issue \$47,000.00 par value of its capital stock, and to deliver said stock to the persons who advanced the \$47,000.00 with which to retire the bonds as above explained. Said delivery of stock to be in full compensation for any and all claims against applicant by reason of said advancement. This will result in all outstanding stock being represented by approximately 80 per cent of the value of property testified to by representatives of applicant.

I submit herewith the following form of order:

### ORDER

Application having been made to the Railroad Commission of the State of California by The Hanford Water Company for an order authorizing the issue by said company of 5875 shares of its capital stock having a par value of \$58,750.00,

And a hearing having been duly held and it appearing to the Commission that the money to be secured by the issue

of the stock herein authorized is necessary and reasonably required by said company for the discharge of its obligations, and that the purposes for which the proceeds of the sale of said stock are to be used are not in whole or in part reasonably chargeable to operating expenses or to income.

IT IS HEREBY ORDERED that the Railroad Commission of the State of California does hereby authorize the issue by The Hanford Water Company of \$47,000.00 par value of its capital stock, said stock to be issued upon the following conditions, not otherwise:

1. The Hanford Water Company shall issue and deliver said stock in full payment and satisfaction of advancements made in September of 1912 for the purpose of paying off \$47,000.00 face value of The Hanford Water Company's bonds then outstanding, said advancements being in the total amount of \$47,000.00.

2. As a condition precedent to the effectiveness of this order, The Hanford Water Company shall submit to this Commission a complete list of the names and the amounts advanced by each of the persons who seek reimbursement through the stock issue herein authorized.

3. Upon the delivery of the stock herein authorized to the above described persons, The Hanford Water Company shall submit to the Commission satisfactory evidence that all obligations of said company, because of the advancement of \$47,000.00 made to it for the purpose of retiring its bonds have been satisfied and discharged.

4. Said company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of said stock hereby authorized to be issued, and on or before the 25th day of each month the company

