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ORIGINAL

Decision No. 8824

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
 SAN JOSE WATER WORKS,)
 a corporation, for permission to) Application No. 6402.
 issue and sell stock.)

Leib and Leib, for Applicant.

DEVLIN, COMMISSIONER:

O P I N I O N.

SAN JOSE WATER WORKS asks permission to issue and sell at not less than par 1,343 shares (\$134,300.) of its common capital stock and use the proceeds to pay notes and reimburse its treasury on account of moneys expended for additions and betterments.

Applicant sells water in the City of San Jose, the Town of Los Gatos, the Village of Saratoga, and certain other parts of Santa Clara County within reach of its mains. It reports that from December 1, 1919 to November 30, 1920 it expended for plant extensions, additions and betterments and for the acquisition of properties, the sum of \$156,074.26.

This amount was expended for the following purposes:-

Water Rights	\$ 190.00
Real Estate	2,841.25
Buildings, Structures and Grounds	6,034.39
Dams	34.50
Wells	14,239.18
Pumping Equipment	22,725.02
Purification System	1,860.00
Distribution Mains or Canals	41,641.96
Distribution Reservoirs	30.80
Services	14,497.11
Meters	45,074.16
Stable and Garage Equipment	6,143.90
General Office Equipment	341.23
General Shop Equipment	420.76

TOTAL . . . \$156,074.26

Applicant reports that the moneys represented by \$109,300.00 of notes outstanding was used to pay for plant extensions, additions and betterments. In addition, the company has invested for similar purposes from earnings, the sum of \$24,990.00. Because of these investments, the company asks permission to issue \$134,300.00 of its common stock and use the proceeds to pay outstanding notes and reimburse its treasury.

Applicant has no outstanding bonded indebtedness. On November 30, 1920 the company reported \$2,026,000.00 of stock outstanding. For many years past the company has been paying 6% dividend on its outstanding stock.

Mr. Joseph R. Ryland, applicant's president, testified that in his opinion the company can sell the stock covered in this application at \$105. per share net to the corporation. He, however, requests that the order may permit the company to sell the stock at not less than par and assures the Commission that the stock will be sold at the highest possible price.

I herewith submit the following form of order:-

ORDER

SAN JOSE WATER WORKS, having applied to the Railroad Commission for permission to issue \$134,300.00 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 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, authorized to issue \$134,300.00 par value of its common capital stock.

The authority herein granted is subject to the following conditions:-

1. The stock herein authorized to be issued shall be sold by applicant for not less than par.

2. The proceeds from the sale of \$109,300.00 of stock may be used by applicant to pay the notes listed in the original and supplemental petition in this application. The proceeds from \$25,000.00 of stock may be used by applicant to reimburse its treasury on account of earnings invested in fixed capital.

3. SAN JOSE WATER WORKS shall 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 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order in so far as applicable, is made a part of this order.

4. The authority herein granted will apply only to such stock as may be issued and sold on or before June 30, 1921.

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 5th day of January, 1921.

H. H. Loveland
Frank R. White
H. R. Sandige

Commissioners.