

Decision No. 28738

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the)
LATON WATER CO.)
for an order authorizing the issue of) Application No. 20479
stock.)

BY THE COMMISSION:

ORIGINAL

OPINION

Laton Water Co., a corporation engaged in supplying water for domestic purposes in and about the Town of Laton, Fresno County, has applied to the Railroad Commission for permission to issue \$4,800. of its common capital stock for the purpose of reimbursing its treasury and of paying a stock dividend.

It appears that applicant was organized under the laws of the State of California, on or about May 12, 1921, with an authorized capital stock of \$10,000., divided into 200 shares of the par value of \$50.00 each, all common, and that heretofore, pursuant to authority granted by the Commission, it has issued \$2,400. par value of such stock, at par, to finance the cost of acquiring and constructing water properties. (Decision No. 10461, dated May 16, 1922, and Decision No. 13602, dated May 24, 1924.)

Information on file with the Commission shows that applicant, subsequent to the issue of said \$2,400. of stock, has extended and improved its water plant and properties and has financed the cost of extensions and improvements with surplus earnings and with monies represented by its reserve for accrued depreciation. As of December 31, 1935 the company reports its assets and liabilities as follows:-

A S S E T S

Investment in fixed capital	\$9,214.98
Cash and deposits	1,472.08
Accounts receivable	<u>512.53</u>
Total assets.....	<u>\$11,199.59</u>

L I A B I L I T I E S

Capital stock	\$ 2,400.00
Reserve for accrued depreciation	3,330.98
Corporate surplus	<u>5,468.61</u>
Total liabilities.....	<u>\$11,199.59</u>

The company has filed with the Commission its verified financial reports of its business since the inception. An examination and analysis of such reports for the period from 1921 to 1935, inclusive, shows the following:-

<u>INCOME:</u>	
Net income	\$ 7,950.55
Miscellaneous earnings	41.00
Total.....	<u>\$ 7,991.55</u>
<u>DEDUCTIONS:</u>	
Dividends on stock	\$ 2,272.62
Miscellaneous	250.32
Total.....	<u>\$ 2,522.94</u>
<u>BALANCES-</u> Surplus, December 31, 1935.....	<u>\$ 5,468.61</u>

It appears that applicant during its existence has had surplus earnings in excess of the proposed stock issue and that it has invested such earnings in its fixed capital. It further appears that the company's assets are ample to support a total stock issue of \$7,200. as here proposed and that an order should be entered accordingly.

O R D E R

Laton Water Co. having applied to the Railroad Commission for permission to issue \$4,800. of stock, and the Commission having considered applicant's request and being of the opinion that

this is not a matter in which a public hearing is necessary, that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that Laton Water Co. be, and it hereby is, authorized to issue at par on or before August 31, 1936, not exceeding \$4,800. par value of its common capital stock for the purpose of reimbursing its treasury because of surplus earnings invested in its plants and properties, provided:-

1. That after reimbursing its treasury applicant shall distribute said stock, as required and permitted by law, to its present stockholders as a dividend and charge the amount against its corporate surplus; and
2. That applicant shall keep such record of the issue of said stock as will enable it to file within thirty(30) days thereafter, a report, as required by the Commission's General Order No. 24, which order, insofar as applicable, is made a part of this order; and
3. That the authority herein granted shall become effective upon the date hereof.

DATED at San Francisco, California, this 20th day of April, 1936.

W. B. Harris
Leon Arthur
M. D. Cunn
W. H. ...
Frank ...
Commissioners.