

LBM

Decision No. 29636

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
KERN ISLAND CANAL COMPANY	)	
for an order authorizing endorse-	)	
ment of its outstanding stock certi-	)	Application No. 21093
ficates.	)	

McCutchen, Olney, Mannon & Greene, for applicant.

BY THE COMMISSION:

O P I N I O N

**ORIGINAL**

Kern Island Canal Company, a corporation, has applied to the Railroad Commission for an order authorizing it to stamp upon each of the certificates for shares of its stock now outstanding, an endorsement in or substantially in the following form:-

" All shares of stock of Kern Island Canal Company were changed from shares having a par value of One Hundred Dollars (\$100.) each into shares without par value and the authorized number of shares reduced from three thousand(3,000) to one hundred(100) by amendment of the Articles of Incorporation of this corporation effective December 18, 1936."

Kern Island Canal Company was organized on or about September 23, 1920 with an authorized capital stock of \$300,000. divided into 3,000 shares of the par value of \$100. each, all common. As of December 31, 1935 it reported all of its stock outstanding and held by Kern County Canal and Water Company. It reported further, among other things, fixed capital at \$268,466.88, unamortized discount on stock at \$161,855.61 and a deficit at \$143,586.28.

For the same reasons and under the same circumstances and procedure outlined in the decision in Application No. 21090, applicant has increased the ledger figure for its fixed capital to \$557,421.00 as of December 31, 1935, has set up on its books the sum of \$74,973. representing the estimated value of various structures at its co-called Kern Island headquarters, not included in the figure authorized by the Commission, and has eliminated the unamortized discount on its

stock. Its assets and liabilities as of December 31, 1935 and as adjusted to give effect to these various transactions, are reported as follows:-

<u>ASSETS</u>	<u>BEFORE ADJUSTMENT</u>	<u>AFTER ADJUSTMENT</u>
Fixed capital . . . . .	\$268,466.88	\$557,421.00
Headquarters capital . . . . .	-	74,973.00
Intangible capital . . . . .	617.24	617.24
Autos and trucks . . . . .	4,071.77	4,071.77
Machinery, implements, tools . . . . .	2,391.45	2,391.45
Accounts receivable . . . . .	13,060.78	13,060.78
Inventories . . . . .	16,615.60	16,615.60
Unamortized discount . . . . .	161,855.61	-
Deficit . . . . .	143,586.28	-
Total . . . . .	<u>\$610,665.61</u>	<u>\$669,150.84</u>
 <u>LIABILITIES</u>		
Capital stock . . . . .	\$300,000.00	\$300,000.00
Accounts payable . . . . .	307,653.74	307,653.74
Depreciation reserve . . . . .	3,011.87	3,011.87
Special surplus . . . . .	-	58,485.23
Total . . . . .	<u>\$610,665.61</u>	<u>\$669,150.84</u>

The application shows that the holder of the company's stock voted to amend the articles of incorporation so as to provide for a total authorized capital stock of 100 shares without par value and thereafter surrendered to applicant for cancellation 2,900 shares heretofore outstanding. It appears that applicant does not propose to issue new shares of stock but desires to evidence the change in the par value by the endorsement on the certificates.

ORDER

Kern Island Canal Company having applied to the Railroad Commission for an order authorizing it to place an endorsement on the certificates for shares of stock now outstanding, and the Commission having considered applicant's request and being of the opinion that the issue presented by the application does not require the Commission to determine the value of applicant's properties, that this is not a matter in which a public hearing is necessary and that the application

should be granted,

IT IS HEREBY ORDERED that Kern Island Canal Company be, and it hereby is, authorized to stamp upon each of the certificates for shares of its stock now outstanding an endorsement in or substantially in the following form:-

" All shares of stock of Kern Island Canal Company were changed from shares having a par value of One Hundred Dollars (\$100.) each into shares without par value and the authorized number of shares was reduced from three thousand (3,000) to one hundred(100) by amendment of the Articles of Incorporation of this corporation effective December 18, 1936."

DATED at San Francisco, California, this 5<sup>th</sup> day of April, 1937.

Walter Moore  
Leon Whittell  
James R. Palmer  
Robert A. H. H. H.  
Ray C. Alley  
Commissioners.