

Decision No. 38370

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
San Dimas-Charter Oak Domestic Water
Company for order authorizing issue
of stock.

ORIGINALApplication:
No. 26994

BY THE COMMISSION:

O P I N I O N

In this application, San Dimas-Charter Oak Domestic Water Company asks permission to issue and sell at par \$50,000 par value of its capital stock for the purpose of paying indebtedness and reimbursing its treasury on account of income expended for the acquisition and construction of property.

Applicant is engaged in the business of distributing and selling water for domestic purposes to consumers in and about San Dimas and Charter Oak, Los Angeles County, California. It has an authorized stock issue of \$100,000 divided into 1,000 shares of the par value of \$100 each. Applicant now has outstanding \$25,000 par value of stock, all of which is owned by San Dimas Water Company, a mutual water company.

For 1944 applicant reports in its income statement the following:

Operating revenue	\$31,002.66
Operating expenses	27,378.36
Net operating revenue	3,624.30
Interest	1,198.54
Net income	<u>\$ 2,425.76</u>

A Commission representative has examined applicant's records and reports that its books, as of August 31, 1945, showed assets and liabilities as follows:

ASSETS

Fixed capital in service	\$136,759.52
Investments (stock of San Dimas Water Company)	44,279.00
Cash and deposits	809.94
Accounts receivable	1,022.95
Materials and supplies	1,672.87
Prepaid expenses	90.13
Other suspense	<u>441.10</u>
Total Assets	<u>\$185,075.51</u>

LIABILITIES

Capital stock	\$ 25,000.00
Notes payable	23,500.00
Accounts payable-affiliated company	30,337.07
Accounts payable	1,964.55
Taxes and interest accrued	1,174.81
Consumers' advances for construction	680.59
Reserve for accrued depreciation	61,073.51
Other reserves	152.70
Corporate surplus	<u>41,192.28</u>
Total Liabilities	<u>\$185,075.51</u>

The amount reported under notes payable is due the following:

Pomona College, 4½% note,	\$13,000
Coila Ferguson, et al, 4% note,	6,000
San Dimas Water Company, 4% note,	4,500

The \$30,337.07 of indebtedness reported under accounts payable is due San Dimas Water Company. The moneys borrowed by applicant were used by it for the acquisition and construction of its properties.

San Dimas Water Company has agreed to purchase at par the \$50,000 of stock which applicant desires permission to issue. Applicant will use

the proceeds to make a \$7,000 payment on the note due Pomona College, to pay the other notes, and the open account indebtedness due San Dimas Water Company. The remainder of the proceeds will be used to reimburse applicant's treasury because of the investment of income in its properties. After the reimbursement of applicant's treasury, stock proceeds used for that purpose may be expended by applicant for any lawful corporate purpose.

ORDER

The Commission has considered applicant's request and is of the opinion that this is not a matter on which a hearing is necessary; that the money, property or labor procured or paid for through the issue of \$50,000 capital stock by San Dimas-Charter Oak Domestic Water Company is reasonably required by said company for the purposes herein stated; that the expenditures for such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted as provided in this order, therefore,

IT IS HEREBY ORDERED as follows:

1. San Dimas-Charter Oak Domestic Water Company may, after the date hereof and prior to December 31, 1945, issue and sell at their par value, 500 shares of capital stock and use the proceeds to pay the indebtedness referred to in the foregoing opinion and to reimburse its treasury because of income expended for the acquisition and construction of properties.

2. San Dimas-Charter Oak Water Company shall file with the Commission a report, or reports, required by the Commission's General Order No. 24-A, which order, in so far as applicable, is made a part of this order.

Dated at San Francisco, California, this 6th day of November, 1945.

Howard Anderson
Justin J. Casseus
Arthur W. Cove
Wm. M. Danell
Commissioners