

ORIGINAL

Decision No. 59685

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of

CAPITOL ACCOMMODATIONS, INC.
a California corporation,

For an Order authorizing applicant
to retire an original acquisition
obligation owing to certain of its
shareholders and concurrently
therewith, to issue shares of
stock.

Application No. 41836

OPINION AND ORDER

This is an application filed on January 7, 1960, for an order of the Commission authorizing Capitol Accommodations, Inc., to issue 6,300 shares of its no par value capital stock at an aggregate stated value of \$63,000 in payment of an obligation due its shareholders.

Applicant is a California corporation engaged in operating a public utility water system in a portion of the County of Sacramento pursuant to authority granted by Decision No. 45753, dated May 22, 1951, in Application No. 32175. It appears that the company financed \$66,452.92 of the cost of a portion of its original water utility facilities, which are located in Arden Manor Unit No. 1 and Arden Manor Unit No. 2, by the execution of an agreement with its original shareholders.

Applicant is of the opinion that the obligation under said agreement should be regarded as an original acquisition obligation for its water system and not as an advance in aid of construction.

The company has paid \$3,290.64 on said obligation, leaving a balance of \$63,162.28 for which it proposes to issue 6,300 shares of its capital stock. A financial statement of Capitol Accommodations, Inc., at June 30, 1959, attached to the application as Exhibit A, shows assets of \$357,427.62, financed by \$265,840.74 of liabilities, \$71,000.00 of capital stock and \$20,586.88 of retained earnings.

A review of this matter clearly indicates that said obligation represents an original acquisition cost and that shares of stock may properly be issued in payment of the balance owing on said obligation. We are of the opinion that the money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purpose specified herein, that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, and that an ex parte order should be entered granting the application; NOW THEREFORE,

IT IS HEREBY ORDERED as follows:

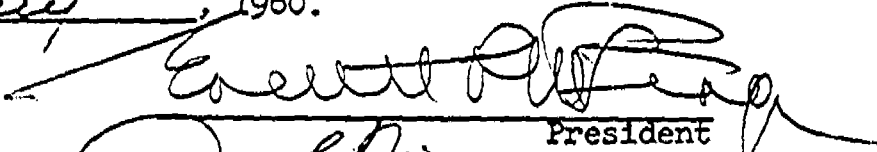
1. Capitol Accommodations, Inc., on or after the date hereof and on or before June 30, 1960, may issue not to exceed 6,300 shares of its capital stock for the purpose set forth herein.

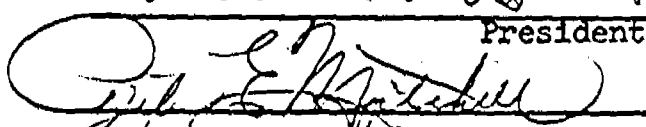
2. Capitol Accommodations, Inc., shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

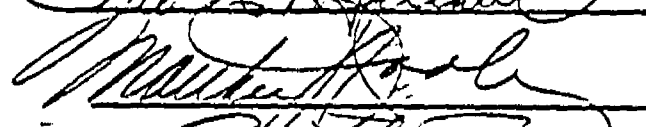
3. The authorization herein granted relates only to the issue of stock and is not to be construed as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

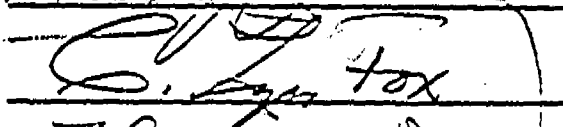
4. This Opinion and Order shall become effective on the date hereof.

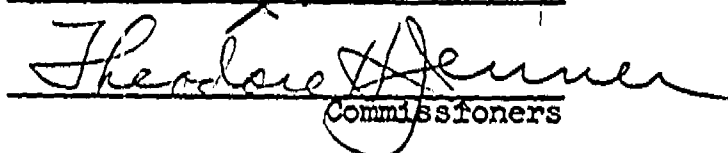
Dated at San Francisco, California, this 16th day of February, 1960.



President








Commissioners