

ORIGINAL

Decision No. 69020

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)
CAPITOL ACCOMMODATIONS, INC.)
a California Corporation,)
For a Permit to Issue Stock)
Dividends.)

Application No. 47469
Filed April 2, 1965

O P I N I O N

Capitol Accommodations, Inc. requests authorization from the Commission to issue 7,000 shares of its no par value common stock for distribution to its common shareholders as a stock dividend.

Applicant is a California corporation engaged in the business of operating a public utility water system in a portion of Sacramento County. For the year 1964, the company reports total operating revenues of \$73,227 and net income of \$13,958. Its 1964 annual report shows 1,533 active service connections at the end of the year, exclusive of public fire hydrants and private fire connections. According to the balance sheet attached to the application, the company's net utility plant, after deducting the depreciation reserve, amounted to \$247,259;

net current and other assets aggregated \$27,949; and capitalization, excluding \$14,514 contributions in aid of construction, was as follows:

	<u>December 31, 1964</u>
Advances for construction	\$ 33,291
Common stock	140,000
Capital surplus	162
Earned surplus	<u>87,241</u>
Total	<u>\$260,694</u>

In this proceeding, applicant seeks authority to issue 7,000 shares of its no par value common stock as a stock dividend to its shareholders at a nominal value of \$10 per share and to transfer the sum of \$70,000 from earned surplus to its capital stock account. The company asserts that its capital structure will be materially improved as a result of the proposed transaction.

The Commission has considered this matter and finds that: (1) the proposed stock issue is for a proper purpose; (2) applicant's retained earnings from operations exceed the proposed common stock dividend to the extent that it may properly issue 7,000 shares of common stock against such earnings; (3) 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; and (4) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis

of these findings we conclude that the application should be granted. A public hearing is not necessary.

In issuing our order herein, we place applicant and its shareholders on notice that we do not regard the number of shares outstanding, the total stated value of the shares nor the dividends paid as measuring the return applicant should be allowed to earn on its investment in plant and that the authorization herein given is not to be construed as a finding of the value of applicant's stock or properties nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

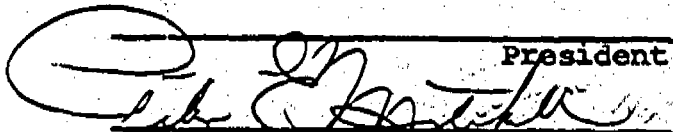

IT IS ORDERED that:


1. Capitol Accommodations, Inc., on or after the effective date hereof and on or before September 30, 1965, may issue not to exceed 7,000 shares of common stock at \$10 per share for the purpose set forth in the application and, concurrently therewith, may transfer not to exceed \$70,000 from its earned surplus account to its capital stock account.

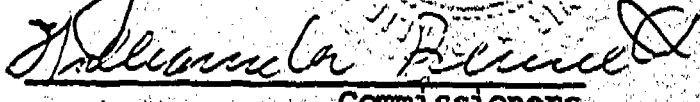
2. Capitol Accommodations, Inc. shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

3. The effective date of this order is the date hereof.

Dated at San Francisco, California, this 11th day of MAY, 1965.


 _____ President





 _____ Commissioners

Commissioner Frederick B. Holoboff, being necessarily absent, did not participate in the disposition of this proceeding.