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Decision No. 12761.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE  
STATE OF CALIFORNIA

\* \* \*

In the Matter of the Application of )  
THE CITY WATER COMPANY OF BANNING, )  
CALIFORNIA, a corporation, for an )  
order authorizing the issue of )  
bonds. )

Application No. 9084

Frank L. Miller for Applicant.

BY THE COMMISSION:

O P I N I O N.

CITY WATER COMPANY OF BANNING, CALIFORNIA, asks permission to issue and sell \$35,000.00 of bonds for the purpose of rebuilding part of its plant and increasing and improving its water supply.

The City Water Company of Banning, California, reports \$15,629.93 par value of stock outstanding. It has no bonded debt and only a nominal amount of current liabilities. It is of record that applicant owns 120 shares of stock of the Banning Water Company, a mutual company, and that it obtains its water supply from the Banning Water Company by virtue of such stock ownership. All of applicant's stockholders are owners of stock of the Banning Water Company. The testimony shows that the stock of the Banning Water Company is now selling at more than \$190.00 per share.

In Decision No. 9007, dated May 26, 1921, the Commission in fixing applicant's rates used as a rate base the sum of \$32,049.00 (Vol. 19, Opinions and Orders of the Railroad Commission of California, pg. 917). In that decision the Commission allowed \$10,800.00 for the 120 shares of Banning Water Company stock.

Applicant serves about 500 consumers. Its water is obtained from the irrigation mains and reservoirs of the Banning Water

Company. At certain times of the year the water is more or less contaminated with dirt and debris. Applicant intends to install an 8-inch pipe from its present system to the lower well of the Banning Water Company, with the necessary equipment, so as to provide a purer and better supply of water throughout the entire year. In addition, applicant intends to install larger pipes and additional fire hydrants in the more populated area of the City of Banning. The cost of these improvements is estimated by applicant at \$35,195.82 and is segregated by applicant in its Exhibit "B" as follows:

MATERIALS:

5,000 ft.	8"	16 g riveted pipe	@	\$.83	.....	\$4,150.00
9,352 ft.	8"	14 g riveted pipe	@	.99	.....	8,416.80
11,456 ft.	4"	14 g riveted pipe	@	.57	.....	652.92
20 gate valves with companion flanges, bolts and gaskets					.....	640.00
20 fittings for intersections, etc.					.....	400.00
42 fire hydrants, pipe and gate type					.....	1,360.00
400 saddles and pipe for resetting house connections on the rebuilt system					.....	1,000.00
Minor details, use of money, superintendance, engineering, overhead					.....	4,726.60

LABOR:

13,350 ft.	8"	haul and lay trench and backfill	.....	4,672.50
10,000 ft.	4"	haul and lay trench and backfill	.....	2,500.00
400 house connections-labor remaking			.....	800.00

TOTAL,.....\$35,195.82

The testimony clearly shows that the improvements, additions and betterments outlined in this application should be installed.

Applicant has not yet created a bonded indebtedness. It intends forthwith to take proper legal steps to create a bonded indebtedness and to issue \$35,000.00 of seven per cent. serial bonds to be dated October 1, 1923 and redeemable at 103 and accrued interest. Of the bonds \$1,000.00 face value are to mature October 1, 1928 and \$2,000.00 face value of bonds annually thereafter. It

may be that the terms of the definitive bonds will vary from those now submitted to the Commission. The Commission at this time can issue only a preliminary order. The final order will be entered when applicant has submitted in satisfactory form a copy of its proposed deed of trust securing the payment of the bonds. The Commission will also in such final order determine the price at which applicant may sell its bonds.

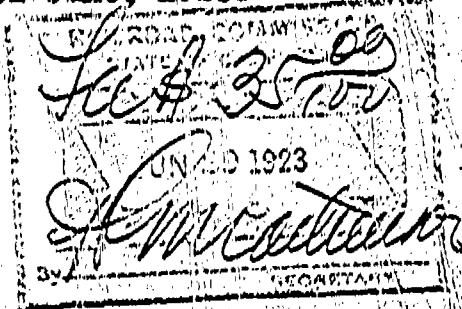
O R D E R.

CITY WATER COMPANY OF BANNING, CALIFORNIA, having applied to the Railroad Commission for permission to issue \$35,000.00 of bonds, a public hearing having been held before Examiner Fankhauser, and the Commission being of the opinion that the money, property or labor is reasonably required by applicant; therefore --

IT IS HEREBY ORDERED, that CITY WATER COMPANY OF BANNING, CALIFORNIA, be, and it is hereby, authorized to issue \$35,000.00 of bonds for the purpose of paying for the extensions, additions, betterments and improvements described in Exhibit "B" filed in this proceeding, provided -

THAT the authority herein granted will not become effective until applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee amounts to \$35.00; nor until the Commission by supplemental order has authorized applicant to execute a mortgage or deed of trust to secure the payment of the bonds and has defined the terms and conditions under which such bonds may be sold.

DATED at San Francisco, California, this 25<sup>th</sup> day of June, 1923.



C. Sealey  
Raymond Shore  
J. G. White  
COMMISSIONERS