

McS

Decision No. 19467

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of CALIFORNIA WATER SERVICE COMPANY, a corporation, for (1) order authorizing issue of stocks and bonds; (2) order authorizing mortgage of certain public utility properties; and (3) jointly with C. B. Jackson, Chico Water Supply Company, a corporation, Port Costa Water Company, a corporation, Fresno City Water Corporation, a corporation, Visalia City Water Company, a corporation, Electric Water Company, a corporation, Bakersfield Water Works, a corporation, and Hermosa-Redondo Water Company, a corporation, respectively for an order authorizing purchase and sale of certain public utility properties.

Application No. 13,514

McCutchen, Olney, Mannon & Greene, and Garrett McEnerney, for applicants.

Arthur H. Garland, Deputy Commissioner of Corporations.

E. F. Brittan, City Attorney for City of Bakersfield.

Loren A. Butts, City Attorney for City of Fresno and City of Visalia.

J. L. Johnson, City Attorney for City of Stockton.

BY THE COMMISSION:

OPINION AND ORDER ON REOPENING

On December 23, 1927, we issued our Decision No. 19161 herein, granting authority to applicant, California Water Service Company, to issue certain securities for the purpose of capitalizing certain properties to be acquired by the purchase (also

authorized) of a number of water distributing systems in this state. . . (1) On January 12, 1928, this applicant filed a petition for rehearing, in which it attacked the validity of this Order upon numerous grounds, most important among which is a direct challenge and attack upon our policy - long adhered to and fully matured - of basing authorization for the issuance of securities upon the actual cost of public utility properties, or, in the case of the refinancing of existing properties, upon the actual or estimated cost, less accrued depreciation, but including present value of land. We did not grant to this applicant authority to issue the total amount of securities which it asked permission to issue, but based our order upon this policy.

One of the most important functions which the Legislature has entrusted to this Commission is, in our opinion, this function of regulating and supervising the issuance of securities by public utilities. From its very inception this Commission has pursued a most conservative policy in this regard, scrutinizing with great care all projects calling for the distribution of such evidences of ownership or indebtedness to the public. Not only have we heard no complaint against this policy from the public utility companies of this State, but it appears to have met with the general approval of both the companies and the public. Under it California utilities have enjoyed an unprecedented development, and the general confidence in their

(1) The properties in question are: Chico Water Supply Company, Port Costa Water Company, Fresno City Water Corporation, Visalia City Water Company, Electric Water Company, Bakersfield Water Works, Hermosa-Redondo Water Company, Petaluma Power and Water Company, Belvedere Water Corporation, all being corporations, and through C. B. Jackson the unincorporated water properties of Chico-Vicino Water Company, W. E. White Water Company, and Tuxedo Water Company, and Pacific Gas and Electric Company's plants located at Stockton, Oroville, Redding, Willows, Livermore, and Dixon.

securities is disclosed by their enviable position on the security markets. Our policy in this regard has, in our opinion, met the pragmatic test.

In the present instance we are dealing with an applicant which represents persons from without this state who are desirous of investing in California public utility water systems, but we do not feel that this is, in and of itself, cause for departing from our general practice in this regard. Our former order in this case contained no new pronouncement, nor did it establish a new doctrine. This applicant has not been treated, nor will it be treated, in any manner otherwise than other applicants appearing before this Commission. We believe that an adherence to our established policies will redound as well to the benefit of the public utility enterprises of this state as to that of their consumers and the holders and purchasers of their securities. To hold otherwise would, in our opinion, throw open the door to methods of financing which we consider to be unsafe as well as unsound, and for this Commission now to do so simply because someone in seeking to acquire operating public utility property has, for reasons of his own, seen fit to agree to pay for such property more than its actual or estimated cost, depreciated, would, in our opinion, be neither sound finance nor in the public interest.

We believe that in such a case consideration must be given to the fact of accrued depreciation since the purchasing company necessarily assumes the responsibility of replacing the properties which it proposes to acquire, while to allow the capitalization of such depreciated property as though no depreciation had occurred would eventually result in gross overcapitalization of such property. And if we were to base

refinancing capitalization upon an estimated "reproduction cost new" as is urged by applicant, a situation would be created in which even slight variations in the prices of public utility materials and supplies might quickly wipe out a part or even the whole of the equities possessed by common stockholders. Indeed, this might easily go to the extent of seriously impairing the security of bondholders. That such a situation would be detrimental to the interest of the investing public, and therefore to the real interest of the public utilities themselves, and their consumers can hardly be questioned. Public Utility securities should, in our opinion, be based upon sound, conservative and, in so far as possible, non-fluctuating values. Only by adhering to such a policy can the stability requisite for such securities be established and maintained. (2)

In order to avoid a result which we firmly believe would react to the serious detriment of the public, be it the consuming

(2) In this connection see In re Southern Counties Gas Co. (1919) 16 C.R.C. 799, 802; In re Harbor City Water Co. (1922) 21 C.R.C. 638; In re Shasta Transit Co. (1923) 24 C.R.C. 165, 169; In re Golden Gate Ferry Co. (1926) 28 C.R.C. 268, 270; In re Peerless Stages, Inc. (1927) 30 C.R.C. 346. See also In re Riverton & Palmyra Water Co. (1917) P.U.R. 1918-B, 240 (New Jersey Board of Public Utility Commissioners); In re Pennsylvania Water Service Co. (1927) P.U.R. 1927-E, 657 (Pennsylvania Public Service Commission); In re United Electric Power Co. (1927) P.U.R. (Rhode Island Public Utilities Commission), and In re Metropolitan Edison Co. (1928) P. U.R. Pennsylvania Public Service Commission..

or the investing public, we are constrained in this, as in other like cases of refinancing, to adhere to the principles which we have above set forth. We believe these principles to be sound from the financial standpoint, and we further believe that to use any other method in such a case would eventually but invite results detrimental to the public interest.

The facts involved in this proceeding have been stated at considerable length in our former orders herein; (Decision 18084, dated March 21, 1927, and Decision 19161, dated December 23, 1927, referred to hereinafter as the "March order" and the "December order" respectively.) In brief, this is an application by which a number of operators of public utility water corporations, as defined in the Public Utilities Act, seek to sell, and California Water Service Company seeks to acquire their several plants or systems, either by direct purchase or through the purchase of outstanding securities. The securities which California Water Service Company seeks to issue for these purposes total \$13,659,300.00 par value. In our former decisions we treated the several requests included in the original application herein, and the several supplemental applications which have been filed, as a single problem. We shall follow that course in this decision, believing it preferable to the separate and distinct treatment of the several applications in this matter, which has been suggested by applicant. No question is now raised as to the validity of that portion of our former orders authorizing the sale and purchase of these public utility plants, the sole attack upon our December order being upon that portion dealing with security issuance.

Applicant contends, however, that it was misled by our March order into believing that it would be authorized to issue a certain total amount of securities for the original group of properties, for the purchase of which authorization was asked in the original petition herein. In our opinion this contention possesses no merit. Not only was it stated in our March order that it should not be inferred that the Commission then approved the various items of reported expenditure or found the same to be reasonable, but it was declared that representatives of this Commission were then engaged in examining the valuations of the properties and the financial statements submitted by applicants, and in the order granting preliminary authority to transfer the properties then in question and the immediate issuance of not exceeding \$2,000,000 par value of common stock, it was added that our final order in the matter would be entered after our representatives had concluded such examination. Paragraph 7 of the order included in said decision, specifically held open for further determination the matter of the total security issuance which might eventually be authorized. If contracts have been made based upon the supposition that securities in the total amount then claimed would be authorized against the purchase of these original properties, they must, in our opinion, have been made in contemplation of this plain reservation and declaration on the part of this Commission. In any event we do not believe that such contracts or their execution are of significance herein.

Appraisals of the properties referred to in this proceeding were made on behalf of applicant by the Loveland Engineers, Inc., and were introduced as Exhibits 13-A, 13-B, 13-C, 14, 15 and 16. The appraisal of the Tuxedo Water Com-

(3)

pany properties is to be found in Application 13848... For the year ending October 31, 1927, this applicant reports operating revenues on these properties at \$1,888,760.16, and non-operating revenues of \$9,005.06. Net operating income is reported at \$866,075.61. Upon this basis the recapitalization of these operating properties upon applicant's suggested basis, would show only a return of 3% or 4% upon the proposed common stock, a result which we do not believe would be in the public interest. We shall allow the issuance of securities upon the purchase of all of the public utility properties mentioned in the original and the several supplemental applications herein, in the amount of \$10,515,300 to produce a net total of \$9,588,811.53. This amount has been determined as follows:

(3) The Loveland Engineers reported the reproduction cost, new, of all the properties involved in this proceeding, at \$18,396,566; the reproduction cost, new, less depreciation, at \$16,540,651; and the estimated original cost at \$13,379,348. These figures do not include an item of \$315,050.53 alleged to have been expended for additions and betterments, nor an item of \$464,375 for additional working capital. A "sound value" of \$15,500,000, including the working capital item above mentioned, is claimed. Of the par value of \$13,659,300 of securities proposed by applicant to be issued, for a net yield of \$11,808,375, the sum of \$11,344,000 is alleged to be necessary in order to acquire, free and clear of encumbrances, the properties herein authorized to be purchased. This includes more than \$500,000 to cover premiums on bonds allegedly paid to acquire properties free and clear of encumbrances, together with alleged expenses for acquiring and consolidating the properties (including legal, engineering, accounting and other expenses) reported at approximately \$300,000, and in addition the \$464,375 requested for working capital.

Estimated historical cost by Loveland Engineers:-

Physical properties	\$10,353,439.00
Land, present value	\$662,598
Other properties	9,690,841
Additions to January 1, 1927.	50,485.00
Preliminary expense	86,000.00)
Organization expense	276,000.00)
Cost of securing franchises	20,345.00
Water rights	496,000.00
Cost of searching land titles	35,598.00
Going concern value	1,745,000.00
Adding materials and supplies	166,481.00)
Working capital	150,000.00)
Sub-total	<u>16,379,848.00</u>
Cost of additions	315,050.53
Sub-total	<u>16,694,898.53</u>
Working capital which company provides for in proposed security issue in addition to Lovelands	465,000.00
Grand-Total	<u>\$14,159,398.53</u>

Deductions which Railroad Commission believes should be made:

Water rights	\$281,436
Going concern value	1,745,000
Difference between Commis- sion's engineers estimate of historical cost and Loveland on properties con- tained in Exhibit 13-C	754,354
Working capital	465,000
Organization and preliminary expense reduced by	150,000
Accrued depreciation	1,174,797
	<u>4,570,587.00</u>
	<u>\$ 9,588,811.53</u>

The various deductions which we have made from the estimates of the Loveland Engineers should be explained.

Water rights:

In a number of former proceedings involving the fixing of rates we have heretofore considered what allowance, if any, should be made for alleged water rights of certain of the companies whose properties are here under consideration. Such determinations have been considered in fixing the amount to be allowed to cover the item of water rights herein.⁽⁴⁾ We have allowed the item of \$8,000 claimed for such rights in general, and we have included an item of \$28,333 for the alleged water rights of the Livermore Company. This action should not, however, be assumed as a final finding of the value of such rights, or of an approval of the theory upon which this estimate was based. We have eliminated the item for "prospecting for water" in the case of the Hermosa-Redondo system. In the case of the Oroville properties the Loveland Engineers estimated the value of water rights at \$80,000, upon the ground that the California Water Service Company possesses, under a twenty-five year contract with the Pacific Gas & Electric Company, the right to obtain a certain quantity of water for use in connection with these properties free of charge. In our Decision No. 18,101 dated March 24, 1927, in Application No. 13,429 we approved this contract subject to the provision that there be submitted to this Commission for approval the quantity of water which the Pacific Gas & Electric Company will be obligated to deliver to California Water Service Company thereunder. To date we have not been furnished with any such statement, nor have we been requested to enter an order approving the amount of water which the Pacific

(4) See In re Petaluma Power & Water Company (1926) 29 C.R.C. 125;
In re Belvedere Water Company (1916) 10 C.R.C. 705;
In re Port Costa Water Company (1923) 22 C.R.C. 909

Gas & Electric Company must deliver to the California Water Service Company. In view of the fact that we have no knowledge of the amount of water so to be delivered, we refrain from recognizing herein an alleged water right value in the amount of \$80,000 attaching to the Oroville properties. It should be added that, even if any value were to be recognized therefor, it would necessarily be dependent upon the life of the contract and should be amortized over the life thereof, since, at the close of the period in question, the value of such alleged "water right" would be zero. While we are willing to allow for water rights the amounts herein indicated, it should be understood that such allowance is for the purpose of this proceeding only.

"Going Concern Value:"

This Commission has never heretofore allowed the capitalization of potential values, nor has it permitted public utilities after a period of operation to refinance or recapitalize their properties upon such a basis that the outstanding securities thereof would be increased to reflect an alleged "going concern value" claimed to have been established subsequent to the construction of the properties in question. In this proceeding we are asked to recognize for capitalization purposes such an alleged "going concern value" in the amount of \$1,745,000. This item we consider improper for capitalization purposes, and it has been eliminated.

Historical Cost estimates:

The difference between the estimated historical cost of the physical properties (original group of properties) as submitted by the Lowland engineers and as submitted by our engineers was \$754,354. For the purpose of this decision, as far as the original group of properties is concerned, we have accepted the estimate of historical cost of physical properties

submitted by our engineers. Since they made no estimate of the historical cost of the physical properties of the Belvedere Water Corporation, the Petaluma Power & Water Company properties, the Tuxedo Water System, the Montebello properties or the Eastmont Park Water System, we have in these instances accepted the historical cost estimates of physical property as submitted by the Loveland Engineers.

Materials and Supplies and Working Capital:

We have included in the total of \$9,588,811.53 the sum of \$166,481 to cover materials and supplies and \$150,000 for working capital, a total of \$316,481. These are the allowances for such items which were made in the Loveland Engineers' report. We are requested herein to authorize the issuance of securities to produce additional working capital in the amount of \$465,000, or a total, when added to the above items, of \$781,481. This would be the equivalent of approximately nine months operating expense and, in our opinion, such an allowance is unwarranted. We will allow the amount of \$316,481 above stated.

Organization expense:

There is included in applicant's estimated historical cost of these properties an item of \$362,000 for preliminary expense and organization expense, and the same amount has been included in the estimate of reproduction cost new. Our experience with these companies leads us to conclude that they did not incur any such expense for organization purposes. We have, therefore, reduced this item to \$212,000, which amount we consider to be a liberal allowance to cover any such expenses actually incurred.

Accrued depreciation:

At the hearing of January 28th, last, it was argued that we erred in deducting an item of \$1,056,745, which was the sum reported by the Loveland Engineers as the accrued depreciation upon these properties. It is alleged that this error arose from the fact that for the original group of properties we used the estimated historical cost submitted by our engineers, whereas we accepted the accrued depreciation item on the estimated historical cost submitted by the Loveland Engineers. It is true that this was done, but such action was in fact in favor of this applicant to the extent of \$115,000. Inasmuch, however, as exception has been taken to this method of procedure we will, in this opinion, so far as the original group of properties are concerned, use the accrued depreciation figure reported by our engineers, and we will use the accrued depreciation item reported by the Loveland Engineers in reference to the other properties. This results in a deduction for accrued depreciation of \$1,174,797 instead of the \$1,056,745 appearing in Decision No. 19161.

We will allow 60% of the herein authorized securities to be obtained through the issuance of 5% bonds, 20% through the issuance of 6% cumulative preferred stock and 20% through the issuance of common stock. Our order will provide that the bonds so authorized shall be sold to net not less than 92 and accrued interest, and that the preferred and common stock shall be sold to net not less than 90% of par value to the applicant. On this basis applicant, in order to realize the net total amount of \$9,588,811.53 above mentioned, would have to issue a par value of \$6,254,000 of such bonds, of \$2,130,600 of such preferred and \$2,130,700 of such common stock. The total par value of securities the issuance of which we will herein authorize is therefore \$10,515,300.

In the second amended application herein it is recited that securities or cash will be delivered in payment for the properties of Belvedere Water Corporation. We will not herein determine the amount of securities which may be so delivered. Instead, our order will fix the maximum amount of securities which this applicant may issue for all of these properties and will provide that said securities may be sold for cash and such cash used to pay for properties or stock, or that a portion of these authorized securities may, at its option, be used by California Water Service Company to pay for the properties of Belvedere Water Corporation.

We will require that, as a condition precedent to, or concurrently with the issuance of the said securities, the California Water Service Company shall acquire free and clear of all encumbrances all of the properties or stock (except the cash for working capital mentioned above) described directly or indirectly in this application. We do not in any respect take it upon ourselves nor attempt to fix the price which may be paid for these properties by the purchaser. We recognize that it would seem to appear from the record of this proceeding that someone has a greed to pay more than the above amount for this property or stock. As to any such alleged agreement we make no pronouncement.

In the past, where purchasers of operating public utility properties have desired or agreed to pay more for such properties than we have found it reasonable or proper to allow in the form of securities, we have required the purchasing companies to charge such over-cost to surplus. . . . If, in the

(5) See In re San Diego Consolidated Gas & Electric Company (1916) 10 C.R.C. 230, 236 and (1917) 12 C.R.C. 481, 485; In re Tuolumne County E. P. & L. Co. (Dec. 19372) dated Feb. 16, 1928, and In re So. Cal. Edison Co. (Dec. 19413) dated Feb. 25, 1928.

present instance, this purchaser desires to pay or does in fact pay more than the amount realized from the sale of the securities herein authorized for the properties or stock of the several companies here in question, the difference between said amount and such price as the vendee may actually pay must therefore be obtained in some manner other than through the issuance of such authorized securities. Since this applicant is a new corporation possessing as yet no surplus we will provide that any such over-cost shall be charged to a suspense account from which account all such charges shall be amortized by deductions from gross corporate income, as that term is used in our annual report forms, or by charges to surplus.

There has been filed in this proceeding a copy of the proposed mortgage and/or deed of trust (Exhibit 4) which California Water Service Company asks permission to execute to secure the payment of an authorized bond issue of \$25,000,000. We have examined the proposed mortgage and/or deed of trust and feel that it should be modified in several particulars. As it now reads, it provides that after the issue of the initial series of bonds, additional bonds may be certified by the trustee subject to the conditions set forth in the instrument in amount equal to not exceeding eighty (80) per cent of the cash cost or the fair value, should such fair value be less than the cash cost of property constructed or acquired subsequent to February 1, 1927. This provision we believe should be modified so that the trustee may not certify bonds in excess of sixty (60) per cent of said cash cost or fair value, whichever is less. There should also be eliminated from the mortgage and/or deed of trust article nine which gives certain immunity to incorporators, stockholders, officers and directors. The elimination of article nine necessitates a corresponding

change in the form of the bonds.

Before determining whether section eight of Article III or Subdivision one (1) Paragraph B under Section three (3) of Article II should be modified or eliminated, we desire to be furnished with a statement showing that an expenditure of an amount equal to nine per cent of the gross revenue is sufficient for the proper maintenance and replacement (depreciation of the properties), when such replacement becomes necessary. True, the nine per cent represents the minimum amount that must be expended for such purposes, but occasionally the minimum becomes the maximum in actual practice. A revised copy of the proposed mortgage and/or deed of trust should be filed with the Commission.

O R D E R

Petition for rehearing of our Decision No. 19161 herein having been filed by the California Water Service Company; this proceeding having been reopened by order for the consideration of the divers allegations and contentions of said petition for rehearing; hearing and argument having been had upon said reopened proceeding before this Commission en banc; the Commission being fully advised in the premises and basing its order upon the record now on file herein, including said petition for rehearing and each and every allegation thereof, together with said argument on reopening, as well as upon the several findings of fact in the opinion hereinabove contained, and being of the opinion that the California Water Service Company should be permitted to issue not exceeding \$6,254,000 of five per cent 25-year first mortgage bonds, not exceeding \$2,130,600 of six per cent cumulative preferred stock and not exceeding \$130,700 of common stock, which common stock is in addition to the \$2,000,000 of common stock authorized by our Decision No. 18084 herein, that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant, California Water Service Company, for the purposes herein stated, and that the expenditures herein authorized for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

and that this application in so far as it involves the issue of \$2,016,000 of bonds, \$564,400 of preferred stock, and \$563,000 of common stock, should be dismissed without prejudice, therefore

IT IS HEREBY ORDERED:

(1) That Decision No. 19161, rendered herein on December 23, 1927, be, and the same is hereby set aside, rescinded and declared to be of no further force or effect, in which connection we hereby declare that the within Decision and Order is published in the place and stead of our said Decision No. 19161 and in all respects in lieu thereof.

(2) C. B. Jackson may sell and convey to, and California Water Service Company may purchase, the properties described in this application as the Tuxedo Water Company.

(3) California Water Service Company may purchase, hold and own the stock of the Petaluma Power and Water Company.

(4) The Belvedere Water Corporation and Petaluma Power and Water Company respectively may sell and convey to, and California Water Service Company may purchase all of the business, assets and properties of said Belvedere Water Corporation and Petaluma Power and Water Company, subject to their outstanding liabilities at the date of the transfer.

(5) C. B. Jackson, Belvedere Water Corporation and Petaluma Power and Water Company may abandon and discontinue their respective public utility business, obligations and service if, as and when the transfer of their properties to the California Water Service Company shall become effective.

(6) Paragraph seven of the order in Decision No. 18,084, dated March 21, 1927, reading--

"Applicant, California Water Service Company, is hereby authorized to issue \$2,000,000 par value of common stock and sell said \$2,000,000 of common stock together with such additional stock (common and/or preferred), and bonds which the Commission may hereafter authorize to be issued for not more than \$9,422,475 and use said \$9,422,475, or lesser amount, for the purposes set forth in the foregoing opinion, provided that the Commission is under no obligation to authorize the issue of securities equal in par value to the \$9,422,475, or lesser amount, and provided further, that only such part of the \$9,422,475, or lesser amount, as may hereafter be determined by the Commission, shall be charged to fixed capital account."

be, and the same is hereby amended so as to read--

"California Water Service Company may issue not exceeding \$6,254,000 par value of first mortgage twenty-five year five per cent bonds, not exceeding \$2,130,600 par value of six per cent cumulative preferred stock and not exceeding \$2,130,700 par value of common stock and sell said bonds at not less than ninety-two per cent, net, of their face value, and said preferred and common stock at not less than ninety per cent, net, of its par value. The proceeds obtained from the sale of said bonds and stock shall be used to pay for the properties which California Water Service Company is authorized to acquire by the authority granted in this order, and which are referred to in this decision, and by the authority granted in Decision No. 18084, dated March 21, 1927, provided that, if California Water Service Company deems it necessary, it may deliver, on the bases stated, part of said bonds and stock in payment for the properties of the Belvedere Water Corporation. This authority is hereby conditioned upon the acquisition of California Water Service Company of all of said properties, free and clear of all encumbrance."

(7) California Water Service Company shall keep its accounts and records in accordance with the Uniform Classification of Accounts prescribed by this Commission, provided that not more than \$10,347,127.53 may be charged to fixed capital accounts. Any sum which may be paid for the properties here in question in excess of \$9,588,811.53 shall be charged to a suspense account and amortized by deductions from gross corporate income, as that term is used in our annual report forms, or by charges to surplus during such time as may hereafter be approved by this Commission.

(8) This application, in so far as it involves the issue of \$2,016,000 face amount of bonds, \$564,400 par value of preferred stock and \$563,000 par value of common stock, be, and the same is hereby denied without prejudice.

(9) Funds sufficient to cover the fee collectible by reason of the authority to issue securities granted herein are already in the hands of our Secretary. This order, in so far as it grants authority to California Water Service Company to issue securities, will become effective upon and from the filing with this Commission by said California Water Service Company of a written notice of acceptance of the within decision, and the filing with this Commission of the amendments to said applicant's proposed deed of trust mentioned in the opinion preceding this order, after the filing of which respective documents the Secretary of this Commission is hereby authorized to refund to applicant, California Water Service Company, any sum or sums in his hands from said California Water Service Company over and above the fee lawfully collectible by reason of the security issuance authorization included in this order.

(10) California Water Service Company shall keep such record of the issue, sale and delivery of the bonds and stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

(11) Within thirty (30) days from and after the execution of the same, or any of them, California Water Service Company shall file with this Commission certified copies of all deeds or other documents executed for the purpose of evidencing the transfer to it of any of the public utility properties hereinabove mentioned.

(12) Paragraph nine of the order of our Decision No. 18084, dated March 21, 1927, reading--

"Under the authority herein granted no properties may be transferred and no stock issued after December 31, 1927".

be, and the same is hereby amended so as to read--

"Under the authority herein granted no properties may be transferred and no bonds and stock issued after May 31, 1928".

(13) For all other purposes the effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 17th day of March, 1928.

Leon Whitely
Chairman
Edward J. [unclear]
John D. [unclear]
M. A. [unclear]
Commissioners