

LRA

20335

Decision No. _____

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 THE STINE CANAL COMPANY,)
 a corporation, and STINE CANAL, INC.)
 a corporation, for orders (1) au-)
 thorizing applicants to execute a)
 certain reorganization plan and)
 agreement; and (2) authorizing The)
 Stine Canal Company to convey its)
 properties as a whole thereunder;)
 and (3) authorizing Stine Canal,)
 Inc. to issue stock and assume cer-)
 tain obligations thereunder.)

ORIGINAL

Application No. 15089.

McCutchen, Olney, Mannon and Greene,
for applicants.

BY THE COMMISSION:

O P I N I O N

In this application the Railroad Commission is asked to enter its order as follows:-

1. Authorizing The Stine Canal Company and Stine Canal, Inc. to make and enter into a reorganization plan and agreement, a copy of which is filed as "Exhibit F";
2. Authorizing The Stine Canal Company, pursuant to said reorganization plan and agreement to convey its business, franchises and property, as a whole, to Stine Canal, Inc., and to execute and deliver to Stine Canal, Inc., an indenture, a copy of which is filed as "Exhibit C";
3. Authorizing Stine Canal, Inc. to issue 2,850 shares of its capital stock, without nominal or par value, and to assume all the obligations and liabilities of The

Stine Canal Company outstanding on the date of the conveyance to it of the business, franchise and property of The Stine Canal Company.

The application shows that The Stine Canal Company is and for many years last past has been engaged in the public utility business in the State of California, to-wit: in owning and operating a water system and appurtenances for the distribution of water for irrigation purposes in Kern County. As of September 1, 1928, The Stine Canal Company reports outstanding 2,850 shares of its common capital stock of the aggregate par value of \$285,000.00, and no mortgages, bonds, notes or other indebtedness, except accounts payable of \$27,025.00.

It appears that the company was organized in 1878 for a term of fifty years, and that its charter will terminate on or about October 17, 1928. Under the terms and provisions of Section 7 of Article XII of the Constitution of the State of California the terms of its corporate existence cannot be extended and accordingly it proposes to transfer all of its properties to a new corporation organized expressly for the purpose of receiving such properties and thereafter of continuing the present operations. A copy of the agreement between the two companies is filed as Exhibit "F", and copies of the proposed deeds of conveyance are filed as Exhibit "C".

Stine Canal, Inc., the new corporation, was organized under the laws of the State of California, on or about September 15, 1928, with an authorized capital stock of 2,850 shares without nominal or par value. It proposes to issue 2,847 shares in payment for the properties of The Stine Canal Company and three shares to its directors for qualifying purposes.

Counsel for applicants has stipulated that neither of

them will ever contend or urge in any rate proceeding, valuation proceeding, or in any proceeding before the Commission, that any order made in this proceeding is an admission (or in fact any evidence or indication whatever) that the values of any of the properties of applicants is as set out in the petition herein.

We do not believe that it is necessary for the purpose of this proceeding to make an examination of the alleged present value of the properties to be transferred. While the application involves a transfer of public utility properties, the stock of the new corporation will be owned directly by the stockholders of the old company. To enable applicants to meet the situation brought about by the termination of the charter of the old company, we will grant this application, subject to the terms and provisions of the following order:-

ORDER

Application having been made to the Railroad Commission, as set forth in the preceding opinion, and the Commission being of the opinion that a public hearing is not necessary in this matter, and that the money, property or labor to be procured or paid for through the issue of the stock herein authorized is reasonably required for the purpose specified herein, which purpose is not in whole or in part reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED as follows:-

1. The Stine Canal Company and Stine Canal, Inc., are authorized to make and enter into the reorganization plan and agreement, a copy of which is filed

in this proceeding as Exhibit "F".

2. The Stine Canal Company is authorized to convey all of its business and properties, pursuant to the terms of said reorganization plan and agreement, to Stine Canal, Inc., by deed substantially in the same form as that filed in this proceeding as Exhibit "C".
3. Stine Canal, Inc., is authorized to issue 2,850 shares of its capital stock without nominal or par value in payment for the business and properties of The Stine Canal Company.
4. Stine Canal, Inc. is authorized to assume the obligations and liabilities of The Stine Canal Company at the time of the conveyance to it of the business and properties of The Stine Canal Company.
5. Stine Canal, Inc. may not, unless hereafter authorized by the Commission, charge to its fixed capital accounts a sum in excess of the amount charged to such accounts by The Stine Canal Company on September 1, 1928, plus the cost to The Stine Canal Company of additions and betterments from September 1, 1928 to the date of the transfer of the properties.
6. Stine Canal, Inc. shall, on or before November 30, 1928, file a certified statement showing the exact date upon which it took possession of and commenced operating such properties, and a report of the issue of the stock, as required by the Railroad Commission's General Order No. 24, which order, insofar as applicable, is made a part of this order.

7. The authority herein granted will become effective upon the date hereof.
8. Stine Canal, Inc. shall, within a reasonable time after the date hereof, file a certified copy of the deed, or deeds, by which it receives title to the properties herein authorized to be transferred.
9. The consideration to be paid for the properties herein authorized to be transferred shall never be urged before this Commission as a measure of value of the properties for rate fixing or any purpose other than the transfer herein authorized.

DATED at San Francisco, California, this _____
day of October, 1928.

C. A. Sweeney

John S. ...

cc _____
Commissioners.