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Decision No. 10116.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
RIVER BEND GAS AND WATER CO.,
a corporation, for a certificate of
Public Convenience and Necessity to
exercise a franchise for the distri-
bution of gas in the City of Sanger,
for authority to mortgage its proper-
ties, and for a Permit to issue and
sell bonds and stock.

Application No. 7402.

ORIGINAL

BY THE COMMISSION:

FIRST SUPPLEMENTAL ORDER.

THE RAILROAD COMMISSION, by Decision Number 9994, dated January 17, 1922, authorized River Bend Gas and Water Company to issue \$91,640.00 of common stock and \$25,000.00 of six percent. bonds in lieu of a like amount of common stock and bonds heretofore issued without an order of the Commission; to issue and sell, at not less than 90, \$50,000.00 of seven percent. cumulative preferred stock and \$200,000.00 of Series "A" seven percent. twenty year bonds; and to use the proceeds from the sale of the preferred stock to finance, in part, its construction expenditures subsequent to December 31, 1918 and through such financing pay current indebtedness.

The authority granted in the Commission's decision was conditioned upon applicant filing a copy of its amended articles of incorporation and upon the Commission authorizing the execution of a mortgage securing the payment of the bonds, and was further subject to the condition that none of the proceeds from the sale of the bonds be expended except as authorized by the Commission

in supplemental orders.

Applicant, on January 31, 1922, filed with the Commission a copy of the proposed mortgage securing the payment of \$500,000.00 of first mortgage sinking fund gold bonds.

Since the date of the Commission's decision, Parlier Winery, applicant's principal stockholder and creditor, has agreed to waive and cancel unpaid and accrued bond interest in the sum of \$15,312.48 and other unsecured claims amounting to \$61,291.25, making a total of \$76,603.73. As a result of the cancellation of this indebtedness, applicant has modified its financial plan. It asks that in lieu of the authority granted in Decision Number 9994, it be permitted to issue \$16,640.00 of common stock, \$75,000.00 of 7% preferred stock, \$25,000.00 of 6% bonds and \$180,000.00 of 7% bonds. It intends to issue the common and preferred stock and the \$25,000.00 of 6% bonds in lieu of \$91,640.00 of common stock and \$25,000.00 of 6% bonds issued without an order from this Commission. Applicant intends to sell the \$180,000.00 of 7% 20-year bonds at 92% of their face value and use the proceeds for the following purposes:-

a. To redeem \$75,000. of 6% bonds	\$75,000.00
b. To pay indebtedness incurred on account of construction expenditures to Nov. 1, 1921 and to pay for additions and bet- terments after November 1, 1921	81,885.74
c. For working capital	8,714.26
TOTAL	<u>\$165,600.00</u>

The Commission has considered applicant's request and believes that the order in Decision Number 9994 dated January 17, 1922 should be modified and amended, as herein indicated.

IT IS THEREFORE ORDERED, that the order in Decision Number 9994 dated January 17, 1922 be, and it is hereby, modified and amended so as to permit River Bend Gas and Water Company to perform the following acts:-

- 1...To issue on or before October 1, 1922, \$16,640. of common stock, \$75,000. of 7% preferred stock and \$25,000. of 6% bonds in lieu of \$91,640. of common stock and \$25,000. of 6% bonds heretofore issued without an order from this Commission, which stock and bonds are hereby ordered to be cancelled.
- 2...To execute a mortgage substantially in the same form as the mortgage filed in this proceeding on January 31, 1922.
- 3...To issue and sell for cash on or before October 1, 1922, at not less than 92 percent. of their face value and accrued interest \$180,000. of 7% 20-year first mortgage bonds.

The authority herein granted is subject to further conditions as follows:-

1... The authority herein granted to execute a mortgage is for the purpose of this proceeding only and is granted only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said mortgage as to such other legal requirements to which said mortgage may be subject.

2... Applicant may use the proceeds obtained from the sale of the \$180,000. of bonds for the following purposes:-

a. To redeem \$75,000. of 6% bonds	\$75,000.00
b. To reimburse its treasury on account of income expended for additions and betterments to Nov. 1, 1921, and thereafter use the money to pay indebtedness and defray the cost of new additions and betterments described in this application	81,885.74
c. For working capital	<u>8,714.26</u>
TOTAL	<u><u>\$165,600.00</u></u>

- 3..... The accrued interest collected may be used
to pay in part the first semi-annual interest
due on the bonds which applicant is herein
authorized to issue.
- 4... Such portions of the order in Decision Number
9994 dated January 17, 1922 as may be in con-
flict or inconsistent with the authority
herein granted, are hereby revoked and set aside.

DATED at San Francisco, California, this ^{21st} ~~20th~~ day of
February, 1922.

H. B. Burdick
H. B. Leonard

W. H. French

Commissioners.