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Decision No. 11039

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA

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In the Matter of the Application of)
FRESNO CITY WATER CORPORATION)
for an order authorizing it to issue)
and to sell certain of its First and)
Refunding Series B 5½% bonds.)

Application No. 8273

Murray Bourne, for Applicant.

BRUNDIGE, Commissioner.

O P I N I O N

FRESNO CITY WATER CORPORATION asks permission to issue and sell, at not less than 95.65 per cent. of face value, \$150,000.00 of its first and refunding mortgage Series "B" 5-1/2 per cent. thirty-year gold bonds for the purpose of financing construction expenditures.

The testimony and exhibits filed herein show that the company, up to July 31, 1922, has expended for capital purposes, for which it has not been reimbursed, the sum of \$213,913.57; that it will need \$50,473.00 to complete construction work now in progress; and that it will be required to expend approximately \$83,268.00 in the immediate future for extensions, additions and betterments. Statements setting forth these expenditures in detail have been filed in this proceeding.

Applicant at this time, however, seeks permission to issue and sell only \$150,000.00 of its first and refunding mortgage bonds, such bonds to be designated Series "B"; to bear interest at 5-1/2 per cent. per annum; to mature thirty years after date, and to be callable at 105 for the first ten years and at 102-1/2 thereafter. The company proposes to sell these bonds at 95.65 per cent.

of face value and to use the proceeds to reimburse its treasury for capital expenditures made by it prior to July 31, 1922, for which it has not been reimbursed, or to pay outstanding current liabilities incurred in making such capital expenditures. Such proceeds not used to pay current liabilities, after reimbursement, will be used to pay for future capital additions, so testimony herein shows.

As of July 31, 1922, the company reports outstanding \$350,000.00 of stock and \$698,000.00 of bonds, the latter consisting of \$298,000.00 of first mortgage five per cent. bonds of Fresno City Water Company, applicant's predecessor, and \$400,000.00 of petitioner's first and refunding mortgage Series "A" 6-1/2 per cent. bonds due 1956. Its current liabilities, as of the same date, are reported as \$117,106.54.

I herewith submit the following form of Order:

O R D E R

FRESNO CITY WATER CORPORATION having applied to the Railroad Commission for permission to issue and sell bonds, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED, that FRESNO CITY WATER CORPORATION be, and it is hereby, authorized to issue and sell, on or before December 31, 1922, at not less than 95.65 per cent. of face value plus accrued interest, \$150,000.00 of its first and refunding mortgage Series "B" 5-1/2 per cent. bonds.

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

- 1.--Applicant may use the proceeds from the sale of the bonds herein authorized to finance in part such of the cost

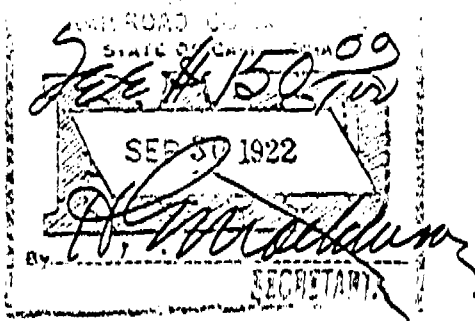
of the extensions, additions and betterments referred to in the foregoing opinion as is properly chargeable to capital account as defined by the uniform classification of accounts prescribed by the Railroad Commission.

2.--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 is \$150.00.

3.--Applicant shall keep such record of the issue and sale of the bonds 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.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 29th day of September, 1922.



W. B. Bondiger
David Martin
Charles H. Lawrence

Commissioners.