

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application of
YOLO COUNTY CONSOLIDATED WATER COM-
PANY and YOLO WATER & POWER COMPANY
for an order authorizing the former
to lease to the latter all of its
property.

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(Application No. 1133.
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Arthur C. Huston, for applicant.

LOVELAND, Commissioner.

O P I N I O N.

In this application, the Yolo County Consolidated Water Company asks permission to lease its property to the Yolo Water & Power Company, and the Yolo Water & Power Company joins in the application for permission to execute said lease.

While in this Opinion the Commission will mention circumstances connected with applicants other than the lease now prayed for, it will, in its order, pass upon nothing except the matter of the lease.

The financial condition of the Yolo County Consolidated Water Company, as set forth in the application, is as follows:

(a) The authorized capital stock of said corporation is One Million (1,000,000) Dollars.

(b) All of said capital stock of said corporation is outstanding.

(c) Said corporation has no preferred stock.

(d) The only mortgage upon the property of said applicant is that made to the Mercantile Trust Company of San Francisco, dated April 1, 1904, the amount of indebtedness authorized to be secured thereby and the amount of indebtedness actually secured being the sum of Two Hundred and Twenty-five Thousand (225,000) Dollars.

(e) That the number and amount of bonds authorized and issued by the said applicant together with the date of issue, par value, rate of interest, date of maturity and how secured, is as follows:

225 bonds of \$1000.00 each, issued by Yolo County Consolidated Water Company, a corporation, date of issue April 1, 1904, par value \$1,000.00 each, rate of interest 5% per annum, date of maturity April 1, 1934, secured by the mortgage described above to the Mercantile Trust Company of San Francisco.

(f) There is no other indebtedness.

(g) The amount of interest paid during the previous fiscal year was Eleven Thousand, Two Hundred Fifty (11,250) Dollars, and the rate was 5% per annum.

(h) No dividends have been paid on the capital stock of said corporation during the five fiscal years previous to the filing of this application.

(i) A detailed statement of the earnings and expenditures, etc., as required by the Rules of Procedure of the Commission, is contained in the Annual Report filed by this corporation with the Commission on the 15th day of March, 1914, for the fiscal year ending December 31, 1913.

The financial condition of the Yolo Water and Power Company is set forth in the application, as follows:

The authorized stock of said company consists of One Million (1,000,000) Dollars preferred and Nine Million (9,000,000) Dollars common, all of which is issued and outstanding. The terms of preference of said preferred stock is set forth in the application at length to which reference is hereby made.

Certain limitations as to the power of the corporation to issue further stock ranking with or in priority to the aforesaid issue of One Million (1,000,000) Dollars, or to create

any charge except as provided in the terms of preference upon the net profits of the corporation which shall not be subordinate to the rights of the preferred stock, or to reserve a surplus fund which will not be chargeable with the payment of the accrued interest dividends on the preferred stock, are set forth in the application to which reference is hereby made.

The application also recites that the only mortgage on the property of applicant is one dated January 1, 1912, to the Oakland Bank of Savings, in the sum of Ten Million (10,000,000) Dollars.

Bonds under the mortgage to the Oakland Bank of Savings, as described above, have been issued as follows:

Ten \$1,000,000 temporary bonds, Nos. T-1 to T-10, inclusive.

One Thousand \$1,000 temporary bonds, Nos. T-1 to T-1000, inclusive, which cancelled one \$1,000,000 temporary bond, No. T-1.

Two Thousand \$1,000 permanent bonds, Nos. 1 to 2000, inclusive, which cancelled 1000 - \$1000 temporary bonds Nos. T-1 to T-1000 inclusive, and one \$1,000,000 temporary bond No. T-2.

Five Hundred \$1,000 permanent bonds, Nos. 2001 to 2500 inclusive, and Five \$100,000 temporary bonds Nos. T-1001 to T-1005, inclusive, which cancelled one \$1,000,000 temporary bond No. T-3.

The applicant alleges there is no other indebtedness. The stock of both the Yolo County Consolidated Water Company and the Yolo Water & Power Company is owned by White & Company of New York, who were contractors during the construction of Yolo Water & Power Company, and it developed at the hearing that all of the stock of said companies was deposited with the Oakland Bank of Savings.

I have set forth at this length the financial condition of applicants for the reason that such financial condition was the result of transactions which took place before the effective date of

the Public Utilities Act, and for the purpose of emphasizing the fact that in passing upon this application to authorize the lease prayed for the Commission in no way passes upon or approves any of the financial transactions of either of these applicants or of the securities issued by them, but, as above stated, confines the Order in this application strictly to the question of the lease.

It developed at the hearing that the amount to be paid to the Yolo County Consolidated Water Company by the Yolo Water & Power Company as rental under the lease had not been agreed upon and that applicants desired that the amount of such rental should not be determined at this time but deferred until the Yolo Water & Power Company applies to this Commission, which it proposes to do in the near future, to have its rates fixed, at which time the Commission will be asked to fix the amount of the rental to be paid to the Yolo County Consolidated Water Company by the Yolo Water & Power Company, the lease to become effective upon the granting of this application and the rent to commence at once, but not to be paid until the Commission shall have fixed the amount of rental at the future hearing of the Yolo Water & Power Company for the fixing of its rates, as set forth above.

It was further testified that the leasing of said properties as prayed for in the application will result in a more economical management of the properties and in a more efficient and satisfactory distribution of water for irrigation and domestic purposes.

With the reservation above set forth confining the Order of the Commission under this application strictly to the leasing of the property of the Yolo County Consolidated Water Company to the Yolo Water & Power Company for a period of twenty years, from the 1st day of January, 1914, the Yolo Water & Power Company to have the option to renew and extend said lease for an additional term of fifteen years at any time during the period of twenty years, during which the lease is to run, except that such option must be exercised

not later than one year prior to the expiration of the lease, I see no reason why the lease should not be authorized.

I further see no reason why the amount of the rental to be paid should not be held in abeyance to be decided later by the Commission or by the parties in interest and approved by the Commission at the time the application of the Yolo Water & Power Company is heard, which application it was testified at the hearing will be filed within a short time.

I recommend the following Order.

O R D E R.

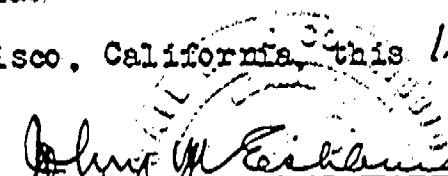
YOLO COUNTY CONSOLIDATED WATER COMPANY and YOLO WATER & POWER COMPANY having applied to the Commission for authority ^{for} the former to lease all of its property to the latter, and a hearing having been duly held and the matters and things pertaining to said application considered, and it appearing that increased, efficient and economical management will result from the authorization of such lease,

IT IS HEREBY ORDERED, that the Yolo County Consolidated Water Company and Yolo Water & Power Company be and they are hereby authorized to enter into a contract of lease by the terms of which the Yolo County Consolidated Water Company leases its property to the Yolo Water & Power Company for the term and upon the conditions set forth in the lease attached to the application herein and referred to in the Opinion preceding 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 1st day of

July
1914.


John W. Eastman
H. H. Cleveland
Alex. G. Gordon
Max Sheline
Edwin C. Egerton
Commissioners.