

GEM

Decision No.

ORIGINAL

Decision No. 4228

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

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In the Matter of the Application)	
of the CORCORAN WATER AND GAS)	
COMPANY, a corporation, for an)	Application
Order Authorizing the Issue of)	No. 2789
Bonds.)	

BY THE COMMISSION.

O P I N I O N

This is an application by Corcoran Water and Gas Company, a corporation engaged in furnishing water to the inhabitants of the City of Corcoran, Kings County, for authority to create a bonded indebtedness of \$15,000.00 of first mortgage 6% gold bonds, and to issue and sell forthwith \$10,000.00 face value of said bonds, and to issue the remaining \$5000.00 face value of said bonds whenever it shall be found by its board of directors that additional funds are required for other expenses and improvements of its facilities and service.

A public hearing was held in San Francisco March 12th, 1917, before Examiner Bancroft.

On April 1st, 1916, this Commission in Case No. 915, brought by the City of Corcoran against the applicant

herein (Decision No. 3222, reported in Vol. 9, Opinions and Orders of the Railroad Commission of California, Page 475) ordered said water company to install a 60,000 gallon tank upon an 80 foot tower and to put the same into service as a part of its water system.

Thereafter, in order to finance the installation of said tank and certain other improvements to said system, the water company applied to this Commission for authority to create a bonded indebtedness of \$15,000.00, and to issue at that time \$10,000.00 face value of said bonds, which were to mature from 1918 to 1924 inclusive.

On August 31, 1916, the Commission by its decision No. 3605 duly granted applicant permission to create its bonded indebtedness and to issue the \$10,000.00 face value of bonds as requested on condition that applicant should submit to this Commission its proposed mortgage or deed of trust and should not execute the same or issue any bonds thereunder until the Commission had, by a supplemental order, approved the same; and on January 20th, 1917, by Decision No. 4035, this Commission duly made its supplemental order approving the proposed deed of trust.

No bonds were ever issued by applicant, however, it appearing that certain defects existed in connection with the proceedings taken by applicant for the creation of its bonded indebtedness, which rendered it necessary in applicant's opinion to undertake anew the creation of a bonded indebtedness. Having now taken such steps applicant has filed the above application and has submitted a draft of a new deed of trust. The new proposed deed of trust, to Title Insurance and Trust Company (of Los Angeles) as trustee, contains among others the following provisions:

The total bond issue shall be of the face value of \$15,000.00, consisting of 30 first mortgage serial gold bonds of \$500.00 each, dated April 1st, 1917 and maturing as follows: 2 bonds on the first of each April from 1919 to 1922, inclusive; 4 bonds on the first of each April from 1923 to 1925, inclusive; and 5 bonds on April 1st, 1926, and 5 bonds on April 1st, 1927. These bonds are to be callable at 102½ and accrued interest. Provision is made for action in case of default in interest, in principal or in any other covenant, by the trustee, either upon its own initiative or upon the written request of the holders of a majority in amount of the outstanding bonds. No sinking fund is provided in said proposed deed of trust.

The conditions are substantially the same now as they were when the Commission, by Decision No. 3606 (supra) granted the water company's former application, and for the reasons set forth in said decision, we are of the opinion that this application should be granted as to the creation of the bonded indebtedness and as to the issue at this time of \$10,000.00 face value of said bonds. We are not prepared, however, to authorize the issue in the future of the remaining \$5000.00 face value of said bonds. Any such authorization ~~would~~ at this time, be premature.

As a condition precedent to the granting of this application, the Commission will, of course, annul all authorizations granted under Application No. 2390.

ORDER

CORCORAN WATER AND GAS COMPANY having applied to the Railroad Commission for authority to create a bonded in-

debtedness of \$15,000.00 as evidenced by 30 serial 6% first mortgage gold bonds of the face value of \$500.00 each, and to issue and sell at this time \$10,000.00 of said bonds, and a public hearing having been held, and this Commission finding that the money, property or labor to be procured or paid for by such issue is reasonably required for the purposes specified in this order, and that such purposes are not in whole or in part reasonably chargeable to operating expenses or to income, and that the application should be granted subject to the conditions hereinafter set forth,

IT IS HEREBY ORDERED that Corcoran Water and Gas Company be, and the same hereby is, authorized to execute to Title Insurance and Trust Company a mortgage or deed of trust of all its properties to secure a bonded indebtedness of \$15,000.00 face value evidenced by 30 serial 6% first mortgage gold bonds of the face value of \$500.00 each.

IT IS HEREBY FURTHER ORDERED that Corcoran Water and Gas Company be, and the same is hereby, authorized to issue and sell \$10,000.00 face value of said bonds.

The authority herein granted to execute and mortgage its properties and to issue \$10,000 face value of its bonds is granted upon the following conditions and not otherwise:

1. Corcoran Water and Gas Company shall issue said bonds so as to net said company not less than 91 per cent of the face value of the principal thereof in addition to accrued interest thereon.

2. The proceeds of the bonds herein authorized to be issued shall be applied substantially as follows:

Installing 50,000-gallon tank and 80-foot tower	\$3,835.00
Foundation for same	300.00
Readjustment of pumping equipment	600.00
Mains (1,000 feet 8"; 2,000 feet 6"; 4,000 feet 4")	2,533.76
Laying mains	800.00
Fittings	531.24
To be held in applicant's treasury and not to be ex- pended except upon a further order of this Commission	<u>500.00</u>
Total	\$9,100.00

3. The deed of trust herein authorized to be executed shall conform substantially in words and figures with the draft of the proposed deed of trust filed with the above entitled application, and annexed thereto, and designated as "Exhibit C", as the same has been amended by applicant's supplemental petition, dated March 19th, 1917.

4. The approval herein given to the proposed mortgage or deed of trust securing the bond issue is for the purposes of this proceeding only and an approval 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 or deed of trust as to such other legal requirements to which it may be subject.

5. The authority herein granted to execute the mortgage or deed of trust above mentioned and to issue the bonds above set forth shall apply only to such mortgage or deed of trust as shall have been executed and to such bonds as shall have been issued on or before August 31st, 1917.

6. Applicant shall not issue any of the 20 bonds herein authorized to be issued and sold until it shall have a valid contract or contracts for the sale of all of said bonds.

7. Applicant shall report to this Commission within thirty (30) days after the issue of the bonds herein authorized the face value of the bonds so issued, the net amounts received therefor and the disposition of the proceeds thereof, all in accordance with this Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

8. This order shall not become effective until applicant has paid the fee specified in section 57 of the Public Utilities Act.

Dated at San Francisco, California, this 31st day of March, 1917.

FEE PAID ON ORIGINAL APPLICATION

No. 2390 Decision No. 3606

Dated 31st day of August, 1916

R. M. Matheson
Assistant Secretary,
Railroad Commission State of California.

Max Thelen

H. D. Boardman

Frank R. Decker

Commissioners.