

ORIGINAL

Decision No. 8241

M.

Decision No. \_\_\_\_\_.

BEFORE THE RAILROAD COMMISSION  
OF THE STATE OF CALIFORNIA.

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In the Matter of the Application	)	
of MANTECA WATER WORKS, a corpora-	)	
tion, for an order authorizing	)	Application No. 3405.
the issue of stock.	)	

Von Detten and Henry, for Applicants.

BY THE COMMISSION.

O P I N I O N

In this application as amended, A. Bacchieri asks authority to sell his public utility water plant located in Manteca, to Manteca Water Works. The purchasing company joins in the application and asks authority to issue in payment for the properties stock in an amount equal to the appraised value of the water plant.

A public hearing upon the application was held by Examiner Encell, at Manteca, January 18th, 1918.

A general description of the water properties which A. Bacchieri desires to sell to Manteca Water Works is contained in Exhibit "A" attached to the petition herein.

A. Bacchieri testified that he had 178 water consumers, that his gross receipts varied from \$240.00 to \$250.00 per month and that his expenses averaged about \$200.00 per month.

Applicants in Exhibit "1" report that E. H. Jeffries has appraised the properties sought to be transferred at \$36,066.86. Mr. M. H. Brinkley, assistant engineer for the Railroad Commission, in his report of March 5th, 1918, estimates the reproduction cost new of the properties at \$36,186.00 and the reproduction cost new less depreciation at \$34,856.00. A copy of Mr. Brinkley's report was submitted to applicants. Counsel for applicants in a letter of March 13, 1918, advised the Commission that M. H. Brinkley's appraisal was satisfactory and that no objection would be made thereto. We may, therefore, assume for the purposes of this proceeding a reproduction cost new of \$36,186.00 and a reproduction cost new less depreciation, of \$34,856.00.

The testimony in this proceeding shows that A. Baccilieri has incurred for the purpose of constructing his water works an indebtedness of \$18,800.00. Of this indebtedness, \$15,000.00 is payable to the San Joaquin Valley Bank, \$3,000.00 to the Pacific Tank Company and \$800.00 to the Bank of Martinez. The water plant is to be turned over to the new corporation free and clear of all indebtedness, and the order herein will contain a condition to that effect. Upon the receipt of stock in exchange for his water properties, A. Baccilieri will take care of the indebtedness.

Manteca Water Works was organized on or about July 31, 1917. The corporation has an authorized capital stock issue of \$50,000.00, divided into 500 shares of the par value of \$100.00 each. The corporation has incurred no indebtedness. It has issued five shares of stock for the purpose of qualifying directors. As said, it now asks authority

to issue stock equal in amount to the appraised value of the water properties which it proposes to acquire.. For the purpose of acquiring the water properties of A. Baccilieri, we are of the opinion that Manteca Water Works should be permitted to issue \$34,900.00 par value of stock. In addition we believe the company should be permitted to issue \$500.00 par value of stock in lieu of a like amount of stock heretofore issued to qualify directors. The testimony shows that the proceeds from the \$500.00 of stock heretofore issued, were used to pay organization expenses.

Manteca Water Works intends to issue the remaining \$14,600.00 of stock from time to time to finance improvements. No testimony was submitted showing the specific purposes for which the company proposed to issue the remaining \$14,600.00 of stock. Inasmuch as the company has not outlined any definite construction program nor offered any evidence showing that it is at this time in need of any additional funds, we do not believe that it is necessary for the Commission to authorize the issue of the \$14,600.00 of stock. If hereafter the company should undertake the construction of improvements, the Commission will at that time consider the question of the issue of additional stock.

#### O R D E R

A. BACCILIERI having applied to the Railroad Commission for authority to sell his water plant located in Manteca to Manteca Water Works, and Manteca Water Works having applied to the Railroad Commission for authority to purchase the same and to issue stock as recited in the foregoing Opinion, a hearing having been held, and the Commission being of the opinion that the money, property or labor to be procured or

paid for by such issue is reasonably required for the purpose or purposes specified in the order and that such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that A. Baccilieri be, and he is hereby, granted authority to sell his public utility water plant and water properties located in Manteca and described in Exhibit "A" attached to the petition herein to Manteca Water Works;

IT IS HEREBY FURTHER ORDERED that Manteca Water Works be, and it is hereby, granted authority to issue \$35,400.00 par value of its common capital stock upon the following conditions.

1.- Stock in the amount of \$34,900.00 shall be delivered to A. Baccilieri in payment for the water properties herein authorized to be sold by him.

2.- Stock in the amount of \$500.00 shall be issued by the company in exchange for a like amount of stock heretofore issued for the purpose of qualifying directors.

3.- The water properties herein authorized to be sold and transferred by A. Baccilieri to Manteca Water Works shall be sold and transferred free and clear of all encumbrances.

4.- The value of the stock herein authorized to be issued shall not be binding upon this Commission or any other public body as representing the value of the properties herein authorized to be transferred for rate making or other purposes.

5.- Within thirty days after the execution and delivery of the instrument of conveyance,

Manteca Water Works shall file with the Railroad Commission a verified copy.

6.- Manteca Water Works shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the stock herein authorized to be issued and on or before the twenty-fifth day of each month, make verified reports to the Railroad Commission in accordance with the Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

7.- The authority herein given to convey property and issue stock shall apply only to such instrument of conveyance as has been executed and delivered and to such stock as shall have been issued on or before June 30, 1918.

Dated at San Francisco, California, this 27th day of March, 1918.

Max Thelen  
H. B. Loveland  
W. G. Gordon  
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Commissioners.