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Decision No. 5850

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
FRESNO CITY WATER COMPANY, for an) Application No. 4072.
order authorizing the issue of bonds.)

A. E. Peat, for applicant.

GORDON, Commissioner.

O P I N I O N

FRESNO CITY WATER COMPANY asks authority to issue \$5,000.00 face value of its first mortgage 5 per cent 40-year bonds payable January 1, 1946, and pledge the same with the New Amsterdam Casualty Company to secure that company against any losses which it may be called upon to pay because of awards made by the Industrial Accident Commission of the State of California.

Applicant reports that it is carrying its own risk as to compensation to injured employees under the "Workmen's Compensation, Insurance and Safety Act"; that before being permitted to carry its own insurance, the company is required to file a \$20,000.00 bond with the State Compensation Insurance Bureau; that New Amsterdam Casualty Company has agreed to execute this bond upon the condition that the Fresno City Water Company pay to it \$5,000.00 in cash in monthly installments of \$500.00 each, or deposit with it \$5,000.00 of its first mortgage bonds; that the Water company has paid to the casualty company up to September \$2,000.00; and that since then; it

has decided to withdraw the cash paid to the casualty company and deposit with the casualty company \$5,000.00 of its first mortgage bonds.

The bonds are to be deposited under an agreement which authorizes the casualty company to sell the bonds, in the event / shall for any cause, at any time, sustain or incur any liability. In case the bonds are sold, the proceeds remaining after the reimbursement of the casualty company, shall be paid over to the Fresno City Water Company.

Reports on file with the Railroad Commission clearly indicate that Fresno City Water Company has invested for extensions to its plant and system out of earnings a sum in excess of \$5,000.00. I am of the opinion that the company may properly be permitted to issue the bonds for the purpose of reimbursing its treasury, and after such reimbursement deposit the bonds with the New Amsterdam Casualty Company to secure that company against any losses which it may have because of the default of the Fresno City Water Company to pay any awards made by the Industrial Accident Commission of the State of California.

I herewith submit the following form of Order:

O R D E R

FRESNO CITY WATER COMPANY having applied to the Railroad Commission for authority to issue \$5,000.00 face value of bonds, a public 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 specified in the order and that the expenditures for such purpose are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Fresno City Water Company be, and it is hereby, granted authority to issue \$5,000.00 face value of its first mortgage 5 per cent 40-year bonds payable January 1, 1946, for the purpose of reimbursing its treasury because of earnings expended

for permanent improvements and extensions to its plant and system, upon the following conditions and not otherwise:

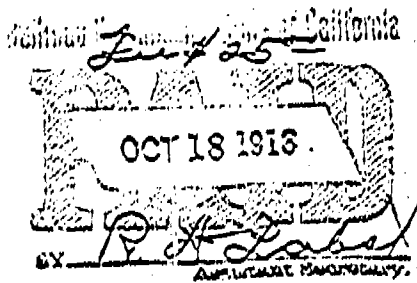
- 1.-The bonds herein authorized to be issued shall be deposited by the Fresno City Water Company with the New Amsterdam Casualty Company, or other insurance company, which may execute a bond enabling the Fresno City Water Company to carry its own insurance as required by the Workmen's Compensation, Insurance and Safety Acts.
- 2.-Fresno City Water Company shall file with the Railroad Commission within thirty days after the date of this order a statement showing the disposition of the bonds herein authorized to be issued, and thereafter file with the Commission semi-annual statements showing the amount of bonds deposited with the New Amsterdam Casualty Company, or other insurance company, and whether or not any of such bonds have been reduced to ownership.
- 3.-If the Fresno City Water Company concludes not to carry its own insurance, the bonds herein authorized to be pledged or deposited with the New Amsterdam Casualty Company, or other insurance company, shall be returned to the treasury of the Fresno City Water Company and thereafter held as treasury securities, to be sold or pledged upon such conditions as the Railroad Commission may hereafter prescribe.

4.-The authority herein granted shall not become effective until applicant has paid the fee prescribed by the Public Utilities Act.

5.-The authority herein granted shall apply only to such bonds as shall be issued and pledged on or before December 15, 1918.

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 14th day of October, 1918.



H. S. Stewart
W. G. Gordon
Frank DeWitt

Commissioners.