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Decision No. 6320

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of T. L. GATES, SUSAN W. ENGLISH and )  
W. Z. McBRIDE for authority to con- )  
vey all of the capital stock and pro- )  
perty of VACAVILLE WATER AND LIGHT ) Application No. 4375.  
COMPANY of which they are the sole )  
stockholders and for which they are )  
trustees, to VACAVILLE WATER AND )  
POWER COMPANY, a corporation. )

W. Z. McBRIDE, for applicants.

BY THE COMMISSION.

O P I N I O N

This is an application involving the sale and transfer of the Vacaville Water and Light Company properties to Vacaville Water and Power Company and the issue of stock by the latter company.

A hearing was held on this application before Examiner Encell on April 7, at San Francisco.

The record shows that Vacaville Water and Light Company was organized May 2, 1890 for a term of twenty-five years. During its corporate existence, the company issued \$25,000.00 of stock. On May 2, 1915, when the charter of the company terminated, one-third of the stock was owned by W. Z. McBride, one-third by T. L. Gates and one-third by Susan W. English. The three stockholders were also the directors of the corporation on May 2, 1915. When the corporation ceased to exist, it became their duty, as trustees, after paying

the debts of the corporation to convey the properties to the persons entitled thereto. The trustees have caused to be organized the Vacaville Water and Power Company to which corporation they intend to convey the properties in exchange for \$75,000.00 of stock. A description of the properties was filed with the Railroad Commission on April 25.

In Decision Number 5869, dated October 28, 1918, the Railroad Commission fixed applicant's electric rates and in so doing used a rate base of \$34,205.00. The \$34,205.00 includes \$1,500.00 for necessary meters and \$2,000.00 for materials and supplies.

In Decision Number 6288, dated April 25, 1919, the Railroad Commission in fixing the company's water rates allowed an 8 per cent return on \$34,000.00. In a statement recently filed, W. Z. McBride reports that since the appraisals of the properties by the Engineering Department of the Commission, \$2,459.54 has been added to the investment. It appears, however, that the \$2,459.54 includes \$823.98 for meters, whereas \$1,500.00 was allowed for necessary meters in the electric rate decision. To permit the issue of stock against both amounts would obviously result in duplicate capitalization. For the purpose of this proceeding, we deduct the \$1,500.00 and recognize the \$823.98 actually expended to date for meters.

The trustees operating the properties have incurred an indebtedness of \$1,500.00. Taking into account the appraisals of both the electric and water properties, the investment since the appraisals have been made and the existing indebtedness against the properties, we believe the Vacaville Water and Power Company should be permitted to issue \$69,000.00 of its common stock to acquire the properties now being operated by W. Z. McBride, T. L. Gates and Susan W. English, as trustees. The remaining \$6,000.00 of stock which Vacaville Water and Power Company may issue under its articles

of incorporation should be held in its treasury. The \$6,000.00 of stock may, if its issue is authorized by the Railroad Commission, be sold for the purpose of securing funds to pay for improvements, additions and betterments.

### O R D E R

T. L. GATES, SUSAN W. ENGLISH and W. Z. McBRIDE having applied to the Railroad Commission for permission to sell and transfer properties which they are operating to Vacaville Water and Power Company in exchange for \$75,000.00 of stock, 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 by such issue of stock as is herein authorized, 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 T. L. Gates, Susan W. English and W. Z. McBride, trustees, be, and they are hereby, authorized to transfer the properties described in the proposed deed filed with the Railroad Commission on April 25, 1919, to Vacaville Water and Power Company.

IT IS HEREBY FURTHER ORDERED, that Vacaville Water and Power Company be, and it is hereby granted, authority to issue \$69,000. par value of its common capital stock for the purpose of acquiring the properties referred to in this Order.

The authority herein granted is upon the following conditions and not otherwise:-

1.-The consideration at which the public utility properties are herein authorized to be transferred, shall not be urged as a measure of value of said properties before this Commission or any other public body for rate fixing or for any purpose other than the transfer herein authorized.

2.-Applicants shall file with the Railroad Commission for approval prior to the transfer of the properties, the book entries relative to the transfer and purchase of said properties.

3.-Within thirty days after the execution by the petitioners herein of an instrument of conveyance transferring the properties herein referred to, a certified copy of said instrument of conveyance shall be filed with the Railroad Commission by Vacaville Water and Power Company.

4.-Vacaville Water and Power Company shall keep a true and accurate record of the sale of the stock herein authorized to be issued, and on or before the twenty-fifth day of the month following the month during which said stock was issued, make a verified report to the Railroad Commission setting forth the fact and date of such issue, and the consideration received therefor, all in accordance with the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this Order.

5.-The authority herein granted to issue stock and transfer property shall apply only to such stock as may be issued and to such property as may be transferred on or before October 1, 1919.

Dated at San Francisco, California, this 12th day of

May, 1919.

Edwin O. Egan  
H. J. ...  
Frank R. ...  
H. R. ...

Commissioners.