

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of VISALIA CITY WATER COMPANY for)
leave to issue and sell certain) Application No. 4671.
bonds and to execute a trust deed.)

Power and McFadzean by Daniel McFadzean,
for applicant.

MARTIN, Commissioner.

O P I N I O N

Visalia City Water Company asks permission to issue and sell \$80,000.00 of 6 per cent serial gold bonds and to execute a trust deed securing the payment of the bonds. A copy of the proposed trust deed is attached to the petition and marked Exhibit "B".

Visalia City Water Company, organized in 1894, has an authorized stock issue of \$100,000.00. All of the stock is outstanding. J. Sub Johnson, President of the Company, owns \$98,600.00 of the stock. His testimony shows that applicant operates in Visalia, that it has about 1200 consumers, that it serves a population of approximately 8,000, that it obtains its water from four wells, that its investment in the water plant is about \$150,000.00, and that its rates and service are satisfactory to the consumers.

As of December 31, 1918, applicant reports assets and liabilities as follows:-

Asset Accounts:

Fixed Capital	\$151,363.35
Cash	1,463.37
Notes Receivable	84.00
Due from Consumers and Agents	1,293.84
Miscellaneous Accounts Receivable	9,938.36
Materials and Supplies	1,214.65
Prepaid Taxes	958.35
Unamortized Discount on Stock	<u>38,545.13</u>
Total Asset Accounts	\$204,861.05

Liability Accounts:

Capital Stock Outstanding	\$100,000.00
Bonds Outstanding	80,000.00
Accounts Payable	356.66
Reserve for Accrued Depreciation	18,254.35
Corporate Surplus Unappropriated	<u>6,250.04</u>
Total Liability Accounts	\$204,861.05

Applicant has \$80,000.00 of bonded debt, payable on July 1, 1919. It has recently, subject to the approval of the Railroad Commission, made arrangements for the sale of \$80,000. 6 per cent serial gold bonds at 96 and accrued interest. The new bonds mature at the rate of \$4,000.00 per annum from July 1, 1924 to July 1, 1943 inclusive. J. Sub Johnson, President of Visalia City Water Company, and practically the owner of the company, believes that the company will encounter no difficulty in paying the new bonds as they mature. The payment of the bonds is to be secured by a trust deed covering all of the property now owned by the company as well as that which it may acquire at any time hereafter during the life of the bonds. The company reserves the right to redeem the bonds at 102 and accrued interest.

For 1918 applicant reported its operating revenues at \$33,014.70; its operating expenses, including \$6,094.10 for depreciation, at \$25,549.04, leaving \$7,465.66 to pay interest and dividends. For 1917 applicant reported its operating revenues

at \$33,858.57, its operating expenses, including \$6,129.32 for depreciation at \$22,286.76, leaving \$11,571.81 for payment of interest and dividends. The increase in operating expenses was caused primarily by increases in wages paid and increases in cost of materials and supplies.

I herewith submit the following form of Order:

O R D E R

VISALIA CITY WATER COMPANY having applied to the Railroad Commission for permission to issue \$80,000.00 of 6 per cent serial gold bonds and to execute a trust deed, 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 is reasonably required for the purpose or purposes specified in the order and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that Visalia City Water Company be, and it is hereby, granted authority to execute a trust deed substantially in the same form as the trust deed attached to the petition herein and marked Exhibit "B".

IT IS HEREBY FURTHER ORDERED that the Visalia City Water Company be, and it is hereby, granted authority to issue and sell at not less than 96 per cent of their face value and accrued interest \$80,000.00 of 6 per cent serial gold bonds.

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

1.-The proceeds obtained from the sale of the bonds herein authorized, shall be used to pay in whole or in part, applicant's \$80,000. of bonds, due July 1, 1919.

2.-The approval herein given of said trust deed is for the purpose 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 trust deed as to such other legal requirements to which said trust deed may be subject.

3.-Visalia City Water Company shall keep such record of the issue and sale of the bonds herein authorized and of the disposition of the proceeds, as will enable it to file on or before the 25th day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this Order.

4.-The authority herein granted becomes effective upon the payment by applicant of the fee prescribed by the Public Utilities Act.

5.-The authority herein granted applies only to such bonds as may be issued on or before October 1, 1919.

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 20th day of June, 1919.

Edwin W. Edgerton
Frank R. Denton
Waring M. ...

Railroad Commission State of California
Frederick P. ...
JUN 21 1919
W. M. ...
Secretary

Commissioners.