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Decision No. 6435

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF
THE STATE OF CALIFORNIA.

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In the Matter of the Application of)
EL DORADO WATER COMPANY,)
a corporation, for authority to ac-)
quire certain real and personal pro-)
perty from WESTERN STATES GAS AND)
ELECTRIC COMPANY, to mortgage the)
same; for the approval of two certain)
contracts with said WESTERN STATES GAS)
AND ELECTRIC COMPANY, and for authority)
to issue stocks and bonds.)

Application No. 4662.

B.D. Marx Greener for El Dorado Water Company;
Chickering & Gregory by Allen L. Chickering for
Western States Gas and Electric Company.

BY THE COMMISSION:

O P I N I O N.

EL DORADO WATER COMPANY asks permission to purchase from the Western States Gas and Electric Company the properties described in Exhibit "C" attached to the petition herein, enter into an agreement to purchase water from Western States Gas and Electric Company, execute a mortgage securing the payment of \$60,000 of 6% bonds due July 1, 1949, issue and sell \$30,000 of said bonds and \$8,500 par value of stock.

A hearing on the above entitled application was held before Examiner Encell on June 16 at San Francisco.

The decision in Application Number 4661, authorizes Western States Gas and Electric Company to sell the properties to

El Dorado Water Company. Reference is here made to said decision for a general description of the properties and the reasons for their sale.

El Dorado Water Company asks permission to execute a mortgage substantially in the same form as the mortgage filed with the Commission on June 19, 1919. The proposed mortgage constitutes a lien on all property which the company now owns or which it may acquire during the period that any bonds issued under the mortgage are outstanding. The mortgage secures the payment of \$60,000 of 6% bonds due July 1, 1949. It provides for a sinking fund and gives the company the option to redeem all or part of the bonds on any interest payment date at 102 and accrued interest.

Applicant asks permission to issue \$30,000 of its bonds immediately. Of said \$30,000 of bonds, \$25,000 will be delivered to the Western States Gas and Electric Company in payment for the properties described in Exhibit "C" and \$5,000 will be sold at par. Applicant intends to use the \$5,000 to pay for the installation of pipe lines on two of its distributing ditches, to pay for lining some of its ditches, make surveys for the purpose of ascertaining more definitely the elevations, grades, and carrying capacities of its ditches and acquire options on lands to cover possible reservoir sites.

El Dorado Water Users Association, a non-profit organization, was organized primarily for the purpose of litigating with the Western States Gas and Electric Company the rights to the use of water which Western States Gas and Electric Company claimsto have acquired when it purchased the properties of Sierra Water Supply Company and El Dorado Water and Deep Gravel Mining Company. The association filed and prosecuted Case Number 1107

before the Commission. To June 14, 1919, it has expended, so the testimony shows, for surveys, preparation of engineering data, counsel fees and other purposes the sum of \$8,507.72. Much valuable data and information has been gathered by the association, all of which it will deliver to the El Dorado Water Company in exchange for \$7,800 of stock. As a result of negotiations carried on by the association, El Dorado Water Company is able to purchase at a cost of \$25,000 properties which it is estimated would cost \$139,363 to reproduce new, and which have an estimated present value of \$129,721.

The proceeds from the \$700 of stock which applicant intends to issue for the purpose of qualifying directors have been and will be expended to pay organization costs.

O R D E R.

EL DORADO WATER COMPANY having applied to the Railroad Commission for permission to purchase certain properties from Western States Gas and Electric Company, to enter into certain contracts and to issue stocks and 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 or purposes specified in the order and that the expenditures for which the bonds are to be issued are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that EL DORADO WATER COMPANY be, and it is hereby, granted authority to purchase from Western States Gas and Electric Company the properties described in Exhibit "C" attached to the petition herein, and to enter into a contract to purchase water from Western States Gas and Electric Company, said contract to be substantially in the same form as the contract filed with the Commission on June 19, 1919.

IT IS HEREBY FURTHER ORDERED that EL DORADO WATER COMPANY be, and it is hereby, granted authority to execute a mortgage substantially in the same form as the mortgage filed with the Commission on June 19, 1919.

IT IS HEREBY FURTHER ORDERED that EL DORADO WATER COMPANY be, and it is hereby, granted authority to issue and sell at not less than par \$8,500 of stock and \$30,000 face value of 6 per cent bonds due July 1, 1949.

The authority herein granted is upon the following conditions:

- 1.--- Of the stock herein authorized to be issued, \$7,800 shall be delivered to the El Dorado Water Users Association and \$700 to directors for qualifying purposes, the proceeds from the sale of said stock to be used to liquidate advances made by El Dorado Water Users Association and by the directors of applicant.
- 2.--- Of the bonds herein authorized, \$25,000 shall be delivered to the Western States Gas and Electric Company in payment of the properties described in Exhibit "C" attached hereto and \$5,000 shall be sold for cash and the proceeds used to pay for the improvements referred to in the foregoing opinion and more particularly described in the testimony in this proceeding.
- 3.--- The consideration at which the public utility properties are herein authorized to be purchased shall not be considered as a measure of value of said properties before this Commission or any other public body for rate-fixing or any purpose other than the transfer herein authorized.
- 4.--- The approval herein given of said mortgage 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 mortgage as to such other legal requirements, to which said mortgage may be subject.

5.--- El Dorado Water Company shall keep such record of the issue and sale of the stock and bonds herein authorized and of the disposition of the proceeds, as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Commission's General Order Number 24, which order, in so far as applicable, is made a part of this order.

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

7.--- The authority herein granted shall apply only to such stock and bonds as may be issued on or before November 1, 1919.

Dated at San Francisco, California, this 25th day of June, 1919.

Edwin O. Edgerton

Frank R. Dyer

James M. Austin
Commissioners.

Public Utilities Commission State of California

File # 307

JUN 26 1919

H. M. Mathews
Assistant Secretary