

Decision No. 4922.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of )  
 . CITIZENS WATER COMPANY OF NILES )  
 for an order authorizing the purchase )  
 of certain pipe lines, the improvement )  
 of its water system and the issuance )  
 and sale of certain stock to pay )  
 therefor. )

Application No. 5032.

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 Oliver Ellsworth, for applicant.

BY THE COMMISSION:

OPINION.

This application, as amended at the hearing, involves the transfer of property, the issue of stock and a 5-year note and the execution of a mortgage to the Bank of Centerville, to secure the payment of the note.

A public hearing was held before Examiner Satterwhite at Niles on November 25th.

From the record it appears that J.C. Shinn desires to sell and Citizens Water Company of Niles to purchase all his right, title and interest in and to all pipe lines under the streets or located in the town of Niles and vicinity and running to the town of Decoto, Alameda County, consisting of 2-inch to 3½-inch mains, together with meters and connections, and also the 6-inch wood stave line belonging to said J.C. Shinn in the town of Niles, for a total cost of \$2,800.00. Citizens Water Company of Niles is now operating this property under a lease executed pursuant to the authority granted in Decision Number 4545, dated August 14, 1917.

After acquiring the properties, to which reference has been

made, Citizens Water Company of Niles intends to replace the various pipe lines from Niles to Decoto, a distance of about 15,500 feet with new 6-inch wood stave pipe and use the pipes which it will acquire from J.C. Shinn for laterals in Decoto. The aggregate cost of the construction work is estimated at \$12,000.00.

To pay for the properties and for the new construction, Citizens Water Company of Niles asks permission to issue at par \$10,000.00 of its stock, to borrow from the Bank of Centerville \$5,000.00 and issue as an evidence of such loan its 5-year 6 per cent note secured by mortgage. The proposed mortgage is of the usual form and a copy thereof has been filed with the Commission.

Citizens Water Company of Niles reports \$16,510.00 of stock outstanding. It reports no bonded indebtedness, while its current indebtedness is considerably less than its current assets.

Citizens Water Company of Niles reports that it has 69 written applications for water connections from residents in Decoto. In the petition it asks permission to charge the consumers in Decoto a minimum rate of \$1.50 per month. At the hearing the petition was amended and from the record it appears that Citizens Water Company of Niles will charge its consumers in Decoto the same rate that it is now charging its consumers at Niles and elsewhere. It further appears from the record that the company will later file with the Commission an application for permission to revise its rates.

#### O R D E R.

Application having been made to the Railroad Commission for permission to transfer properties, issue stock and note, and execute a mortgage; 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 the issue of the stock and the note herein authorized is reasonably required for the purpose or purposes specified in this order, and ~~the~~ 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 J.C. Shinn be, and he is hereby, authorized to sell, and Citizens Water Company of Niles is hereby authorized to purchase the properties described in the petition herein at a cost of \$2,800.00.

IT IS HEREBY FURTHER ORDERED that Citizens Water Company of Niles be, and it is hereby, authorized to execute a mortgage substantially in the same form as the mortgage filed with the Railroad Commission in this proceeding on December 5, 1919.

IT IS HEREBY FURTHER ORDERED that Citizens Water Company of Niles be, and it is hereby, authorized to issue \$10,000.00 of its common capital stock and a 5-year 6 per cent note for \$5,000.00.

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

- 1.--- The stock and note herein authorized to be issued shall be sold by Citizens Water Company of Niles for not less than the par value thereof, and the proceeds used to acquire the properties and pay for the construction of the new pipe line and laterals referred to in paragraph "3" of the petition.
- 2.--- The price at which Citizens Water Company of Niles is herein authorized to acquire said properties from J.C. Shinn shall not be urged before this Commission, or any other public body, as a finding of value of said properties for rate-fixing or any purpose other than the transfer herein authorized.
- 3.--- 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.
- 4.--- Within thirty days after the transfer of the property herein authorized, Citizens Water Company of Niles shall file with the Commission a verified copy of the instrument of conveyance and also

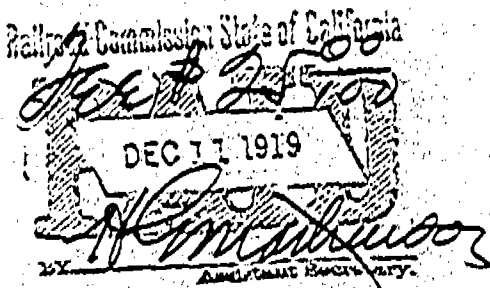
advise the Commission of the specific date on which it acquired the properties.

5.-- Citizens Water Company of Niles shall keep such record of the issue and sale of stock and notes 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.

6.-- The authority herein granted to issue a note will not become effective until Citizens Water Company of Niles has paid the fee prescribed by the Public Utilities Act.

7.-- The authority herein granted will apply only to such transfer of properties, issue of stock, note and execution of mortgage as may be effected on or before May 1, 1920.

Dated at San Francisco, California, this 9<sup>th</sup> day of December, 1919.



Edwin O. Edgerton  
Alfred A. ...  
Frank R. ...  
Irving Martin

Commissioners.