

Decision 7499

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of )  
 BAKERSFIELD WATER WORKS for authority )  
 to purchase all of the properties of )  
 BAKERSFIELD WATER COMPANY and also for )  
 authority to issue 600 shares of cap- )  
 ital stock and bonds of the par value )  
 of \$90,000.00. )

Application No. 5551.

Chickering and Gregory,  
 by Evan Williams, for Applicants.

Wesley P. Grizalva, for City of Bakersfield.

BRUNDIGE, Commissioner.

O P I N I O N

This application involves the sale of all of the properties of Bakersfield Water Company to Bakersfield Water Works, the execution of a mortgage and the issue of \$60,000. of stock and \$90,000. of bonds of Bakersfield Water Works.

In Decision No. 2443, dated June 4, 1915 (Volume 7, Opinions and Orders of the Railroad Commission of California, Page 15) the Commission found the present value of the Bakersfield Water Company properties to be \$91,207.00. The record herein shows that since the date of that decision the company has expended \$41,673.02 for additions, extensions and betterments, which, added to the \$91,207.00 makes a total of \$132,880.02.

The new company, according to the testimony, will expend \$20,000.00 obtained from the sale of its bonds for the following purposes:-

For 2800' 8" cast iron main . . . . .	\$5,924.00
For 5200' 4" cast iron main . . . . .	6,816.00
For cast iron fittings and valves . . . . .	300.00
For new pump from Byron Jackson Iron Works . . . . .	960.00
For finishing part of reservoir to add 500,000 gallons storage . . . . .	4,000.00
To pay advances by C. W. Kellogg for new cast iron main . . . . .	<u>2,000.00</u>
T O T A L . . . . .	<u>\$20,000.00</u>

Adding the \$20,000.00 to the \$132,880.02 makes a total of \$152,880.02, against which the new company would have outstanding \$60,000.00 of stock and \$90,000.00 of 6% bonds.

The record shows that the properties of Bakersfield Water Company will be transferred to the Bakersfield Water Works free and clear of all encumbrances upon the receipt of \$60,000.00 of stock of Bakersfield Water Works and \$61,000.00 in cash.

Bakersfield Water Works asks permission to execute a mortgage to secure the payment of \$125,000.00 of its first mortgage 6% serial gold bonds. Of the bonds, \$5,000.00 face value mature on March 1st of the years 1921 to 1925; \$6,000.00 on March 1st of the years 1926 to 1930; \$7,000.00 on March 1st of the years 1931 to 1935; and \$5,000.00 on March 1st of the years 1936 to 1942.

The proposed mortgage provides that the trustee may forthwith certify \$90,000.00 of the bonds and \$35,000.00 from time to time, in amounts not exceeding in the aggregate 75% of the fair and reasonable cost of permanent extensions, improvements and additions made subsequent to January 1, 1921, provided that none of the \$35,000.00 of bonds be certified or delivered unless and until the earnings of the company from the operation of its plants and properties and from income upon any securities owned by the company for a period of 12 consecutive months ending not more than 60 days prior to the request for certification of bonds, after deducting from such earnings all operating expenses, including taxes, insurance and customary expenditures for current repairs and

and current maintenance ordinarily chargeable to operating expense or to maintenance expense, shall have been in each case equal to at least two times the interest charge on all of the bonds outstanding, together with interest on the bonds which the trustee is asked to certify.

I herewith submit the following form of order:

ORDER

Bakersfield Water Company, having applied to the Railroad Commission for permission to sell its properties to Bakersfield Water Works; and Bakersfield Water Works, having joined in the application, and having asked permission to execute a mortgage and to issue \$60,000.00 of stock and \$90,000.00 of bonds, 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 this order and that the expenditures are not in whole or in part reasonably chargeable to operating expenses or to income:

IT IS HEREBY ORDERED that Bakersfield Water Company be, and it is hereby authorized, to sell for the consideration mentioned in this order, to Bakersfield Water Works all of its <sup>and</sup> properties/more particularly described in Exhibit "C" filed in this proceeding:

IT IS HEREBY FURTHER ORDERED that Bakersfield Water Works, be and it is hereby authorized to execute a mortgage substantially in the same form as the mortgage filed in this proceeding and marked "Exhibit D,"

IT IS HEREBY FURTHER ORDERED that Bakersfield Water Works be, and it is hereby authorized, to issue \$60,000.00 of its common stock and \$90,000.00 of its first mortgage 6% serial gold bonds.

The authority herein granted is subject to the following conditions:-

1. The bonds herein authorized to be issued shall be sold by Bakersfield Water Works for cash at not less than 90% of their face value plus accrued interest.
2. The \$60,000.00 of stock herein authorized to be issued and \$61,000.00 obtained from the sale of the bonds herein authorized to be issued shall be delivered by Bakersfield Water Works to Bakersfield Water Company in payment for all of the properties of that company, it being understood that such properties will be transferred to Bakersfield Water Works free and clear of all encumbrances and indebtedness.
3. \$20,000.00 obtained from the sale of the bonds herein authorized shall be expended by Bakersfield Water Works to pay for the construction of the extensions, additions and betterments referred to in the foregoing opinion and in the testimony in this proceeding.
4. The price paid for the properties of Bakersfield Water Company shall never be urged by Bakersfield Water Works as a measure of value of said properties for the purpose of fixing rates or any purpose other than the transfer herein authorized.
5. The approval herein given of said mortgage is for the purpose of this proceeding only and an approval insofar 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.
6. Within 10 days after taking possession of the properties herein authorized, Bakersfield Water Works shall file with the Commission a statement showing the exact date on which it has taken possession of the properties.

7. Within 30 days after its execution, Bakersfield Water Works shall file with the Commission a certified copy of the deed under which it acquires title to the properties of Bakersfield Water Company.

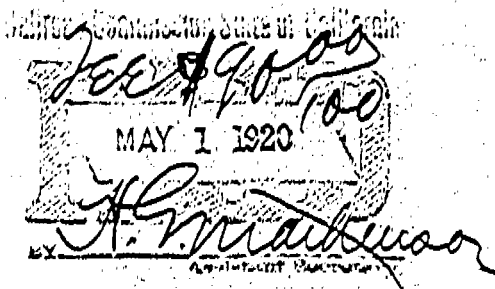
8. Bakersfield Water Works shall keep such record of the issue and sale of the stock and bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which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

9. The authority herein granted to issue bonds will not become effective until Bakersfield Water Works has paid the fee prescribed in the Public Utilities Act.

10. The authority herein granted will apply only to such stock and bonds as may be issued and sold on or before Nov.15,1920.

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 30<sup>th</sup> day of April, 1920.



Edwin O. Edgerton  
H. L. ...  
Stuart P. ...  
H. V. Brundage  
Jessie Martin  
Commissioners.