

Decision No. 38340

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SAN GABRIEL VALLEY WATER COMPANY for Au-
thority to Issue and Deliver 2880 Shares
of its Stock in Exchange for all of the
Corporate Assets and Assumption of all of
the Liabilities of San Gabriel Valley
Water Service; for Authorization of FON-
TANA DOMESTIC WATER COMPANY to Wind up
its Affairs and Convey to said San Gabriel
Valley Water Company, as its Sole Stock-
holder, all of its Corporate Assets subject
to all of its Liabilities; and for Authori-
zation of SAN GABRIEL VALLEY WATER COMPANY
to Issue and Sell \$600,000.00 Principal
Value of its Bonds.

ORIGINAL

Application
No. 26877

BY THE COMMISSION:

FIRST SUPPLEMENTAL ORDER

By Decision No. 38235, dated September 25, 1945, in
the above entitled matter, the Railroad Commission, among other
things, authorized San Gabriel Valley Water Company to execute a
trust indenture in, or substantially in, the same form as the
trust indenture filed in this application as Exhibit "1", and to
acquire all of the outstanding stock of Fontana Domestic Water
Company at a cost of \$96,000 and assume indebtedness of that
company in the amount of \$254,000.

At the time of the hearing held on the original petition
herein, applicant filed with the Commission as Exhibit "1" a
galley proof of its proposed trust indenture. In a supplemental

petition filed on October 19, 1945, it has advised the Commission that it has made certain changes in the language of the indenture. It has filed a copy of said indenture in its final form. We have no objections to the changes made by applicant. This order will authorize San Gabriel Valley Water Company to execute a trust indenture in form similar to that filed in this application on October 19th.

In connection with the acquisition by San Gabriel Valley Water Company of the outstanding stock of Fontana Domestic Water Company, it appears that under the agreement, dated July 9, 1945, providing for the transfer of such stock, the basic price of \$96,000 will be adjusted for certain current and accrued items on or about the time of actual transfer. Applicant reports that some question has been raised as to its authority under the order of the Commission to complete the transaction, no reference being made in such order relating to the adjustment of the purchase price. Accordingly, it has requested the Commission to amend its order so as to permit it to make the purchase price adjustment.

The Commission has considered the supplemental petition and is of the opinion that a further hearing is unnecessary and that applicant's request should be granted, therefore,

IT IS HEREBY ORDERED that San Gabriel Valley Water Company may execute a trust indenture in, or substantially in, the same form as that filed with the Commission on October 19, 1945, attached to the first supplemental petition herein, in lieu of the form of trust indenture originally filed in the proceeding as Exhibit "1".

IT IS HEREBY FURTHER ORDERED that Paragraph 2 of the order in Decision No. 38235, dated September 25, 1945, be, and it hereby is, amended to read as follows:

"2. San Gabriel Valley Water Company may, after the effective date hereof and on or before December 31, 1945, acquire all of the outstanding stock of Fontana Domestic Water Company at a cost of \$96,000, subject to adjustments as provided in the contract of date July 9, 1945, between Fontana Farms Company and R. H. Nicholson filed in this proceeding as exhibit "7", and assume indebtedness of Fontana Domestic Water Company in the amount of \$254,000."

IT IS HEREBY FURTHER ORDERED that Paragraph 4 of the order in Decision No. 38235, dated September 25, 1945, be, and it hereby is, amended to read as follows:

"4. San Gabriel Valley Water Company may issue and sell, on or before December 31, 1945, at not less than their face value and accrued interest, \$600,000 of first mortgage, 3-3/8% sinking fund bonds, Series A, due September 1, 1970. The proceeds, other than accrued interest, obtained from the sale of the bonds, shall be used for the following purposes:

To pay outstanding bonds of San Gabriel Valley Water Service, approximately	\$186,100
To pay notes and other indebtedness of Fontana Domestic Water Company,	254,000
To pay for stock of Fontana Water Company, about	96,000
To pay expenses of bond issue and expenses incident to this application, about	13,900
For additions and betterments or the acquisition of properties, as may hereafter be authorized by a supplemental order or orders, about	<u>50,000</u>
Total	\$600,000

The accrued interest may be used for general corporate purposes."

IT IS HEREBY FURTHER ORDERED that the authority herein granted is effective upon the date hereof.

IT IS HEREBY FURTHER ORDERED that the order in Decision No. 38235, dated September 25, 1945, shall remain in full force and effect, except as modified by this First Supplemental Order.

Dated at Los Angeles California, this 30th day of October, 1945.

David Paulson
Justin F. Calmer
Frank W. Corley

Lucas Rance
Commissioners