

Decision No. 12933.**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of the )  
 HAINES CANYON WATER COMPANY, )  
 a corporation, to increase its bonded ) Application Number 9398  
 indebtedness. )

Evans and Pearce,  
 by W. E. Evans for applicant.

BY THE COMMISSION:

O P I N I O N

HAINES CANYON WATER COMPANY asks the Railroad Commission for an order authorizing it to execute a trust deed and to issue \$110,000.00 of first mortgage seven percent. bonds due December 1, 1943. The company asks permission to deliver \$30,000.00 of bonds in exchange for a like amount of bonds now outstanding and to sell \$80,000.00 at not less than 92 percent. of face value plus accrued interest for the purpose of financing the cost of additions and betterments and of paying current indebtedness.

A public hearing on the application was held by Examiner Williams in Los Angeles.

Haines Canyon Water Company is engaged in supplying water for domestic and irrigation purposes in Tujunga, Los Angeles County. On December 31, 1919, it reported 282 consumers; on December 31, 1920, 546 consumers; on December 31, 1921, 913 consumers; on December 31, 1922, 1170 consumers; and on September 30, 1923, 1376 consumers. For the year ending December 31, 1922, applicant reports operating revenues of \$23,471.93, operating expenses of \$19,023.43, and the balance available for interest on funded debt as \$4,448.50. After paying interest and

making other deductions from income, it reports net profit for the year of \$1,839.24. For the eight months ending August 31, 1923, operating revenues of \$22,718.61 are reported, operating expenses of \$13,245.90, and balance available for interest as \$9,472.71. Net profit for the eight months period is reported at \$6,592.33. It estimates its operating revenues for 1924 at \$38,812.00, its operating expenses at \$23,212.00 and balance available for interest at \$15,600. Applicant's assets and liabilities, as of August 31, 1923, are reported as follows:-

ASSET ACCOUNTS

Fixed capital . . . . .	\$205,413.00
Cash . . . . .	248.20
Accounts receivable . . . . .	8,527.54
Material and supplies . . . . .	675.29
Prepayments . . . . .	249.48
Other asset accounts . . . . .	15.00
Deficit . . . . .	11,165.97
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TOTAL ASSET ACCOUNTS . . . . .	\$226,294.48

LIABILITY ACCOUNTS

Capital stock . . . . .	\$100,000.00
Bonds . . . . .	30,000.00
Accounts payable . . . . .	12,585.46
Notes payable . . . . .	6,300.00
Consumers' deposits . . . . .	4,938.38
Advances for construction . . . . .	14,122.83
Extension capital . . . . .	41,525.72
Accrued interest and taxes . . . . .	1,367.40
Reserve for accrued depreciation . . . . .	15,454.69
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TOTAL LIABILITY ACCOUNTS . . . . .	\$226,294.48

The \$30,000.00 of bonds shown in the foregoing balance sheet constitute a closed first mortgage on applicant's properties. They bear interest at 7 percent. per annum, are dated April 1, 1920, mature April 1, 1930 and were issued pursuant to authority granted by Decision Number 7278, dated March 17, 1920, to pay for additions and betterments. Applicant is of the opinion that it is advisable to retire these bonds and provide for a larger issue. For this reason it asks permission to deliver \$30,000.00 of the bonds herein applied for in exchange for the \$30,000.00 of bonds outstanding. It reports that it has made arrangements for the exchange of bonds on a

basis of par for par.

The current liabilities, including notes payable of \$6,300.00, extension capital of \$41,525.72, consumers advances of \$14,122.83 and accounts payable of \$12,585.46, represent, according to testimony herein, moneys borrowed to pay for extensions, additions and betterments installed prior to August 31, 1923 and consisting in general of pipe lines, pumping equipment, meters and services. It is now desired to use proceeds from the sale of bonds to pay in part these outstanding obligations. Applicant also asks permission to use any proceeds not needed at this time to pay indebtedness to finance the cost of additions and betterments, it being estimated that approximately \$12,000. must be expended during the next twelve months to take care of the increased demand for service.

A copy of the proposed trust deed securing the payment of the bonds has been filed with the application. The form of such trust deed, however, is not entirely satisfactory, and the order herein will therefore provide that no bonds shall be delivered until a trust deed satisfactory in form to the Railroad Commission has been filed and a supplemental order made authorizing its execution.

#### O R D E R

Haines Canyon Water Company having applied to the Railroad Commission for permission to execute a trust deed and to issue and sell \$110,000.00 of bonds, a public hearing having been held, and the Railroad Commission being of the opinion that the application should be granted as herein provided and that the money, property or labor to be procured or paid for through the issue and sale of such bonds is reasonably required by applicant for the purpose or purposes specified herein; and 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 Haines Canyon Water Company be, and it is hereby, authorized to issue \$110,000.00 of its first mortgage seven percent. bonds due December 1, 1943.

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

1. Of the bonds herein authorized \$30,000.00 shall be delivered in exchange for the \$30,000.00 of bonds now outstanding on a basis of par for par.
2. The remaining \$80,000.00 of bonds may be sold at not less than 92 percent. of face value plus accrued interest and the proceeds used to pay in part the current liabilities referred to in the foregoing opinion or to finance the cost of extensions, additions and betterments to applicant's plants and properties.
3. Applicant shall keep such record of the issue, sale and delivery 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 will become effective when the Railroad Commission has made an order authorizing the execution of a trust deed securing the payment of the bonds herein authorized and when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$80. Such authority will expire on June 30, 1924.

DATED at San Francisco, California, this 17<sup>th</sup> day of December, 1923.

RAILROAD COMMISSION

Fee \$80<sup>00</sup>/<sub>100</sub>

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By A. C. MacArthur

C. Seaver  
H. B. ...  
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J. T. Whittney  
Commissioners 123