

IM

Decision No. 13483.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)  
EUCLID AVENUE WATER COMPANY }  
to renew and increase the mortgage }  
now on its property. }

Application Number 9946

ORIGINAL

Theodore F. Taylor, for Applicant.

BY THE COMMISSION:

O P I N I O N

In this application Euclid Avenue Water Company asks permission to execute a mortgage and to issue its three year eight per cent. note in the principal amount of \$8,000.00 for the purpose of refunding indebtedness and of financing the cost of additions and betterments.

Euclid Avenue Water Company is engaged in supplying water for domestic and irrigation use in and about South Pasadena. For the year ending December 31, 1922 the company reports revenues of \$4,881.12; operating expenses including taxes of \$3,916.36; interest charges of \$648.47; and net profit for the year of \$316.29. For the year ending December 31, 1923, the company shows revenues of \$6,543.07; operating expenses including taxes of \$4,437.74; interest charges of \$618.25; and net profit for the year of \$1,487.08. Assets and liabilities as of December 31, 1923, are reported as follows:-

### ASSETS

Fixed capital . . . . .	\$31,199.40
Cash . . . . .	940.41
Accounts receivable . . . . .	<u>1,199.90</u>

TOTAL ASSETS . . . . . \$33,339.71

### LIABILITIES

Capital stock . . . . .	\$16,170.00
Funded debt . . . . .	6,500.00
Notes payable . . . . .	2,500.00
Corporate surplus . . . . .	<u>8,169.71</u>

TOTAL LIABILITIES . . . . . \$33,339.71

By Decision Number 12260, dated June 25., 1923, in Application Number 9031, the Commission adjusted applicant's rates. In the opinion in that decision it is recited that Mr. F. H. Van Hoesen, one of the Commission's hydraulic engineers, prepared a report covering the results of a field investigation of applicant's system and a study of the maintenance and operating expense and revenue. This report shows the estimated original cost of the properties as of June 1, 1923 as \$25,860.00, a depreciation annuity of \$494.00, and an estimate of reasonable annual maintenance and operating expense amounting to \$3,917.00.

As shown in the foregoing balance sheet, the company's indebtedness as of December 31, 1923, amounted to \$9,000.00. This indebtedness is represented by a six month's six percent. note due April 26, 1924 for \$2,500.00, by a six year seven percent. note due November 13, 1924 for \$4,000.00 and by a five year seven percent. note due June 27, 1926, for \$2,500.00; the two latter notes being secured by mortgage.

Applicant now proposes to create a mortgage indebtedness of \$8,000.00 to be represented by a three year seven percent. note and to use \$6,500.00 of the moneys obtained to pay the \$4,000.00 note and the short term \$2,500.00 note. It appears that the \$2,500.00 note

due April 26, 1924 was issued on October 26, 1923 to provide for the maintenance and improvement of applicant's service, and that the \$4,000.00 note was issued pursuant to authority granted by the Commission in Decision Number 5612, dated July 26, 1918, to refund an indebtedness which had been incurred in 1911 to pay for capital additions.

The remaining \$1,500.00 obtained from the note will be used for construction work. In this connection the application, and testimony herein, show that a tract of land of about 40 acres in applicant's territory is being subdivided into 200 or more lots, which eventually will call for an expenditure by applicant of about \$20.00 for each lot for taps and connections. In its Exhibit No. 2 applicant sets forth more specifically estimated expenditures of \$1,516.10, which amount includes \$390.00 for meters for thirty houses, \$750.00 for taps, and \$376.10 for street work and municipal street assessments. In addition to those expenditures it is reported that recently the company was required to renew a water main at a cost of \$548.00 and to reconstruct for \$545.00 a pump house which had been wrecked by a wind storm.

The testimony of Theodore F. Taylor, applicant's secretary, shows that the proposed mortgage will be substantially in the same form as that heretofore authorized by the Commission in Decision Number 5612.

#### ORDER

Euclid Avenue Water Company having applied to the Railroad Commission for permission to execute a mortgage and to issue an \$8,000.00 three year seven percent. note, a public hearing having been held before Examiner Williams, 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 by

the execution of the mortgage and the issue of the \$8,000.00 note is reasonably required by applicant.

IT IS HEREBY ORDERED that Euclid Avenue Water Company be, and it is hereby, authorized to execute a mortgage substantially in the same form as that filed in Application Number 3926, and approved by the Commission in Decision Number 5612, dated July 26, 1918.

IT IS HEREBY FURTHER ORDERED that Euclid Avenue Water Company be, and it is hereby, authorized to issue its three year seven percent. note in the principal amount of \$8,000.00 and to use the proceeds to refund outstanding indebtedness of \$6,500.00 and to finance the cost of extensions, additions, betterments and improvements, all as referred to in the foregoing opinion and in this application.

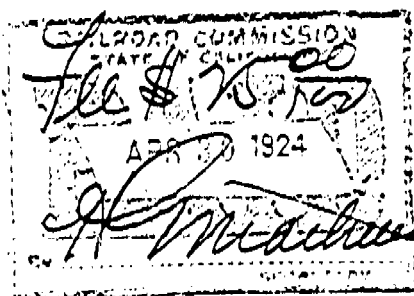
The authority herein granted is subject to further conditions as follows:-

1. The authority herein granted to execute a mortgage is for the purpose of this proceeding only and is granted only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of such mortgage as to such other legal requirements to which said mortgage may be subject.
2. Applicant shall file with the Commission a copy of its mortgage within 30 days after execution.
3. Applicant shall keep such record of the issue and delivery of the note 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 applicant has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is \$25. Under the authority herein granted, no notes may be issued after July 31, 1924.

DATED at San Francisco, California, this 25<sup>th</sup> day of April, 1924.



C. J. Leary  
H. M. ...  
Dwight ...

J. M. ...  
Commissioners.