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Decision No. 14320.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)  
MOORPARK FARMERS' WATER COMPANY) Application Number 10596  
for permission to issue bonds. )

Carroll Allen, for applicant.

BY THE COMMISSION:

ORIGINAL

O P I N I O N

In this application Moorpark Farmers' Water Company asks the Railroad Commission to make an order authorizing it to execute a deed of trust and to issue and sell \$50,000.00 of first mortgage seven percent. bonds for the purpose of refunding outstanding bonded indebtedness and of financing the cost of extensions, additions and betterments.

The record in previous applications filed with the Commission shows that Moorpark Farmers' Water Company was organized on or about September 27, 1919 for the purpose, primarily, of acquiring the properties of Moorpark Mutual Water Company and operating such properties as a public utility. By Decision Number 8282, dated October 25, 1920 in Application Number 5210, (Volume 18, Opinions and Orders of the Railroad Commission of California, page 1050) the Commission authorized the execution of a mortgage and the issue of \$25,000.00 of seven percent. serial bonds, \$3,000.00 of serial notes and \$20,000.00 of common stock in payment for the properties of the mutual company and for additions thereto.

The mortgage authorized to be executed by Decision Number 8282, secures the payment of a total authorized issue of \$25,000.00 of seven percent. bonds maturing in annual installments of \$2500.00 on the first day of December of each of the years 1921 to 1930 inclusive. Heretofore the entire \$25,000.00 of bonds were issued, as authorized by the Commission, of which \$17,500.00 are outstanding, \$7500.00 having been paid at maturity. The company now proposes to execute a new mortgage to secure the payment of a total issue of \$50,000.00 of seven percent. bonds due August 1, 1934. It proposes to issue and sell at this time \$35,000.00 of such bonds at ninety-three percent. of face value and accrued interest, and to use the proceeds to retire the \$17,500.00 of bonds outstanding and to finance the cost of additions and betterments which in Exhibit "B" are described as follows:-

Cost of drilling well . . . . .	\$5,450.00
Deep well turbine pump . . . . .	1,400.00
75 h.p. gasoline engine . . . . .	1,700.00
Repair shop and storeroom 30' x 20', wood frame, with corrugated iron roof and siding . . . . .	1,280.00
Twenty water meters, installed . . . . .	1,000.00
Alterations and replacements . . . . .	4,800.00
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Total.....	<u>\$15,630.00</u>

Moorpark Farmers' Water Company is engaged in supplying water for irrigation purposes only in and about Moorpark, Ventura County, serving about 600 acres. At present a number of wells are being operated which produce, in the aggregate, about 130 inches of water. The wells are said to be shallow and the present supply of water inadequate. As the company contemplates giving service to an additional 500 acres of land it has made arrangements to develop additional water. To this end it entered into a contract on June 30, 1924, with Roscoe Moss Company, for the construction of an eighteen inch well at a cost of \$5,450.00 for the first six hundred feet drilled and cased, and \$9.25 for each lineal foot thereafter drilled and cased up to 700 feet. In addition, the company reports that it has entered into a contract with the Layne and Bowler

Pump Company for the purchase of one deep well turbine pump completely installed with all necessary driving head, suction and column pipe and foundations, and also into a contract with the Farm Machinery Company for the purchase of one seventy-five h.p. Holt gasoline engine, complete with clutch, driving pulley, etc.

At the hearing held in this matter, Mr. J. M. Donaldson-Aiken, applicant's president, testified that the well was completed and placed into operation in October of this year. It was drilled to a depth of about 370 feet and is producing between eighty-five and ninety inches of water. The company reports that with the two hundred or more inches of water now available, it should be able adequately to take care of the present acreage and the additional tract of five hundred acres.

Applicant asks permission to sell its bonds at not less than ninety-three percent. of face value plus accrued interest. After giving consideration to the record and to financial statements heretofore filed by the company, the Commission is of the opinion that this request should be granted, although it is to be understood that the granting of such permission is not to be considered as binding on the Commission in the future to authorize this company, or any other company, to sell seven percent. ten year bonds at this price. Although the application is for permission to issue \$50,000.00 of bonds, it is of record that only \$35,000.00 will be sold at this time. The order herein will provide, therefore, that \$15,000.00 of bonds may be sold only when and for such purpose and under such terms and conditions as the Commission might authorize in supplemental orders.

Applicant has filed, as its Exhibit "D", a copy of a proposed mortgage or deed of trust. This instrument is intended to secure the payment of a total authorized issue of \$50,000.00 of seven percent. ten year bonds, of which \$35,000.00 are issuable forthwith and \$15,000.00 are issuable when applicant can satisfactorily prove to the trustee under the indenture that it has developed a supply of water adequate to serve the present acreage and 400 additional acres. Proof will con-

sist of a satisfactory report by two independent engineers, one to be appointed by applicant and the other by Cahn, McCabe and Company. The bonds are callable at the option of the company on any interest payment date prior to maturity at 105 percent. of face value plus accrued interest. Under the terms of the proposed mortgage or deed of trust a sinking fund is provided, into which the company agrees to pay an annual amount equal to one tenth of the bonds outstanding. The sinking fund provisions do not appear, however, on the face of the bond.

We believe applicant should modify its form of mortgage or deed of trust by eliminating the provision relating to the appointment of an engineer by Cahn, McCabe and Company, or any other purchaser of the bonds and by incorporating in the bond itself a reference to the sinking fund provisions. With these changes we will authorize the execution of the trust indenture.

#### ORDER

Moorpark Farmers' Water Company having applied to the Railroad Commission for permission to execute a mortgage or deed of trust and to issue \$50,000.00 of bonds, a public hearing having been held before Examiner Fankhauser 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 of \$35,000.00 of bonds is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Moorpark Farmers' Water Company be, and it is hereby, authorized to issue on or before June 30, 1925 \$50,000.00 of its first mortgage seven percent. bonds due August 1, 1934.

IT IS HEREBY FURTHER ORDERED that Moorpark Farmers' Water Company be, and it is hereby, authorized to execute a mortgage or deed of trust substantially in the same form as that filed in this proceeding as Exhibit "D" provided that such mortgage or deed of trust be amended

as indicated in the foregoing opinion, and provided further that the authority herein granted to execute a mortgage or deed of trust 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 or deed of trust as to such other legal requirements to which such mortgage or deed of trust may be subject.

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

1. Of the bonds herein authorized applicant may sell \$35,000.00 at not less than ninety-three percent. of face value plus accrued interest. The company may use the proceeds from the sale of \$17,500.00 of such bonds to refund outstanding bonded indebtedness and may use the proceeds from the remaining \$17,500.00 of bonds to finance in part the cost of the extensions, additions and betterments of \$15,830.00 to which reference is made in the foregoing opinion.
2. The remaining \$15,000.00 of bonds herein authorized may be sold only when and for such purposes and under such terms and conditions as the Commission may authorize in supplemental order.
3. Within thirty days after the execution of the mortgage or deed of trust herein authorized, applicant shall file a certified copy thereof with the Railroad Commission.
4. Moorpark Farmers' Water Company shall keep such record of the issue and sale of 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.

5. The authority herein granted to issue bonds will not become effective until applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$50.00.

DATED at San Francisco, California, this 7<sup>th</sup> day of December, 1924.

O. C. Seavey  
H. B. Burdick  
Irving Martin  
Egerton Shore

Commissioners.



