

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
BELL WATER COMPANY
for an order authorizing the adjustment and establishment of proper book accounts, for permission to purchase additional land, for authority to mortgage property and issue notes, for authority to issue and sell stock, and for authority to increase water rates.

ORIGINAL

Application Number 10503

A. B. Shaub, for Applicant.
Frederick Lake, for certain consumers, protestants.
F.E. Goodway and I.M. Vaughn, in propria persona
and for certain consumers, protestants.

BY THE COMMISSION:

O P I N I O N

The above numbered application, as the title indicates, involves the adjustment and establishment of proper book accounts, the purchase of land, the issue of notes and stock and the increase of water rates.

Hearings were had on the application before Examiner Fankhauser on November 17th, December 3rd and December 8th at Los Angeles.

At the conclusion of the hearings the company waived its right to file an opening brief. Representatives of consumers were given ten days to file briefs and the company five days to reply thereto.

A. B. Shaub, representing the company, urges that the Commission give early consideration to the issue of the \$12,000.00 of seven percent. two year note, the payment of which is to be secured by a mortgage. A copy of the mortgage was filed with the Commission

on December 10th. The mortgage filed is in satisfactory form. The company desires permission to use the money obtained through the issue of the \$12,000.00 of the notes for the following purposes:-

To purchase land	\$4,700.00
To install one 50,000 gallon steel tank on a 60' tower	6,000.00
Pipes and fittings to connect the same	<u>1,300.00</u>
Total.....	<u>\$12,000.00</u>

The testimony shows that the reported cost of the tower, tank, pipes and fittings is an estimate, and not based upon actual contracts. The cost of land is the amount which the company has agreed to pay for the land and which amount is found to be reasonable by the Commission's engineering department. The Commission finds, after a consideration of the evidence, that applicant should be permitted to purchase such land at the agreed price and locate the new tank thereon.

The record indicates that the present tank of applicant is in a poor condition and that it is located at too low an elevation to give proper service. The inadequate service now given by applicant is further due to the leaky condition of the tank. There is no doubt that a new tank at a higher elevation should be constructed by applicant forthwith. We believe that the construction of such a tank is an emergency matter and that an order should now be made authorizing the issue of the notes to purchase the land and construct the tank, and the execution of the mortgage. The question of an increase in rates, the issue of stock and the adjustment of the books of applicant will be considered in a supplemental opinion and order in this matter.

ORDER

Bell Water Company having applied to the Railroad Commission for permission to adjust and establish proper book accounts, purchase additional land, mortgage property, issue notes and stock to in-

crease water rights, public hearings having been held and the Commission being of the opinion that an order should be made in this proceeding at this time authorizing the company to issue \$12,000.00 of two year seven percent. notes and to execute a mortgage to secure the payment of such notes, and that the money, property or labor to be procured or paid for by the issue of such notes is reasonably required by applicant and that the expenditures are not in whole or in part reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that Bell Water Company be, and it is hereby, authorized to execute a mortgage substantially in the same form as the mortgage filed in this proceeding on December 10, 1924, provided that the authority herein granted to execute such mortgage is for the purpose of this proceeding only and is granted in so far as the 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 such mortgage may be subject,

IT IS HEREBY FURTHER ORDERED that Bell Water Company be, and it is hereby, authorized to issue at not less than par, a note or notes in the sum of not exceeding \$12,000.00, such note or notes to be payable on or before two years after date and to bear interest at not to exceed seven percent. per annum. The proceeds obtained from the issue and sale of the notes shall, if necessary, be used for the following purposes:-

To purchase land referred to in this application	\$4,700.00
To install one 50,000 gallon steel tank on a	
60' tower	6,000.00
Pipes and fittings to connect same	<u>1,300.00</u>
Total	<u>\$12,000.00</u>

Any proceeds not necessary for the aforesaid purposes may be expended only as hereafter permitted by the Railroad Commission.

IT IS HEREBY FURTHER ORDERED that 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 \$25.00.

IT IS HEREBY FURTHER ORDERED that applicant shall keep such record of the issue, sale and delivery of the notes 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.

DATED at San Francisco, California, this 22^d day of December, 1924.

C. C. Seavey

Irving Martin
Egerton Shore

J. T. Whittney
Commissioners

