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Decision No. 14466.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
IMPERIAL UTILITIES CORPORATION,
for permission to issue a note to
Imperial Farm Lands Association, in
full satisfaction of a claim arising
from an agreement, attached to, and
made a part of, Application Number
3106, Decision Number 4985, dated
December 26, 1917, such note to be
dated June 15, 1924, face value
\$7,000., payable in five years, with
interest at six percent. per annum.

ORIGINAL

Application Number 10685

L. M. Burntrager, for Applicant.

BY THE COMMISSION:

OPINION

In this application the Railroad Commission is asked to make an order authorizing Imperial Utilities Corporation to issue to Imperial Valley Farm Lands Association its five year six percent. note due June 15, 1929 in the principal amount of \$7,000.00 in payment of outstanding indebtedness.

A public hearing in this matter was held before Examiner Williams in Los Angeles.

It appears that Imperial Utilities Corporation was organized on or about April 10, 1917, for the purpose, primarily, of acquiring and operating public utility water systems in Southern California. Heretofore, among other systems, it has purchased, from Imperial Valley Farm Lands Association, those systems supplying the towns of Niland and Calipatria, in Imperial County, with water for domestic uses. (See Decision Number 4985, dated December 26, 1917, in Application Number 3106 appearing in Volume 14, Opinions and Or-

ders of the Railroad Commission of California at Page 790.)

At the time of the acquisition of these two systems by applicant it was reported that the source of supply of water consisted of five hundred shares of stock of Imperial Water Company No. 3, a mutual organization, which shares of stock entitled the owner to four acre feet of water per year per share. To purchase this source of supply, applicant entered into a contract with Imperial Valley Farm Lands Association, dated April 10, 1917, by the terms of which it agreed to purchase within five years after date of the contract, at \$15.00 a share, the five hundred shares mentioned and one hundred twenty-one shares additional, and to pay all assessments that might be levied on the holders of such stock during the five year period. Pending final payment the shares of stock were deposited in escrow with the First National Bank of Los Angeles.

Applicant reports that it used, and had use for, up to June, 1923, the water supplied to the holders of the shares of stock of Imperial Water Company No. 3, and that it could not have secured water in any other manner. During 1923 the properties of the mutual company were sold to Imperial Irrigation District and applicant commenced purchasing the water it needed from the district. The irrigation district also undertook to purchase the shares of stock of the mutual company, Imperial Water Company No. 3, at \$7.00 a share, a price determined by a valuation of the physical properties. Accordingly, the six hundred twenty-one shares placed in escrow pursuant to the agreement of April 10, 1917, were released, upon approval of applicant, and sold to Imperial Irrigation District for \$7.00 a share, or \$4,347.00. In the opinion of A.L.Kent, applicant's secretary and treasurer, the shares of stock were no longer properties used and useful in the company's public utility operations.

The record shows that applicant has never paid any amounts on account of the purchase price of the shares of stock of the mutual company or of the assessments levied against such stock. It appears that applicant is indebted to Imperial Valley Farm Lands Association in the amount of \$13,510.76, which amount is determined as follows:-

Purchase price of 621 shares of stock of Imperial Water Company No. 3, at \$15.00 a share \$9,315.00

Assessments:

June 23, 1917	\$621.00
December 14, 1917	621.00
June 29, 1918	621.00
October 7, 1918	621.00
April 9, 1919	621.00
September 11, 1919	621.00
December 10, 1919	621.00
May 10, 1920	621.00
October 13, 1920	621.00
March 10, 1921	621.00
May 10, 1921	621.00

Total assessments 6,831.00

Total \$16,146.00

LESS: Sale of 621 shares of stock at \$7.00 a share 4,347.00
Total \$11,799.00

In addition to this amount it appears that the sum of \$1,711.76 is due the association on account of interest, which amount, added to the \$11,799.00, results in a total of \$13,510.76. The present application shows that Imperial Valley Farm Lands Association has agreed to accept applicant's five year six percent. note for \$7,000. in settlement in full of amounts due it. Upon delivery of the note the contract of April 10, 1917 is to be cancelled.

This application has been filed to secure the Commission's consent to issue the note.

ORDER

Imperial Utilities Corporation, having applied to the Railroad Commission for permission to issue a promissory note for \$7,000.00, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue is reasonably required for the purpose specified herein and that the expenditures for such purpose are not in whole or in part reasonably chargeable to operating expenses or to income,

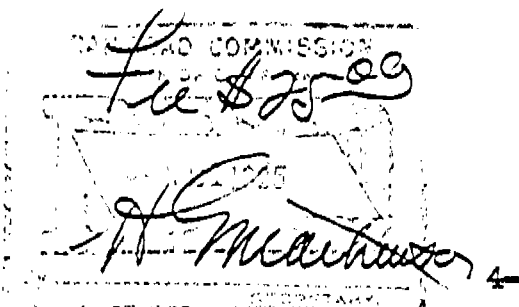
IT IS HEREBY ORDERED that Imperial Utilities Corporation be, and it is hereby, authorized to issue to Imperial Valley Farm Lands Association its promissory note in the principal amount of \$7,000.00 due on or before five years after date of issue with interest at not exceeding six percent. per annum, for the purpose specified in the opinion which precedes this order.

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

1. Imperial Utilities Corporation shall keep such record of the issue and delivery of the note herein authorized as will enable it to file on or before thirty days after such issue 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.
2. The authority herein granted will become effective when Imperial Utilities Corporation has paid the minimum fee prescribed by Section 57, of the Public Utilities Act, which fee is \$25.00.

DATED at San Francisco, California, this 17th day of January,

1925.



H. B. Brundage
Chairman
Egerton Shore
George D. Squires
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Commissioners