

Decision No. 14910

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the matter of the application	}	
of The Hollister Water Company, a	}	
corporation, for permission to issue	}	
notes not to exceed, in the aggregate,	}	
the sum of \$25,000.00.	}	Application No. 11051.

Geo. D. Clark, Wm. Palmtag, and  
J. H. Belser for applicant.

ORIGINAL

BY THE COMMISSION:

O P I N I O N

In this application The Hollister Water Company asks permission to issue its unsecured promissory notes in the principal amount of \$25,000.00 bearing interest at not exceeding six per cent. per annum and due on or before three years after date, for the purpose of paying outstanding indebtedness and of financing the cost of pipe lines.

It appears that The Hollister Water Company was organized on or about June 6th, 1885, and is at present engaged in supplying water for domestic, industrial and other purposes in and about the Town of Hollister, San Benito County, serving 1062 consumers on December 31, 1924. The company reports its gross income for the year 1922 at \$29,567.69, for 1923 at \$29,783.46, and for 1924 at \$31,055.54. After paying operating expenses, including depreciation, and interest and other fixed charges, it reports a profit of \$14,028.91 in 1922, of \$15,669.14 in 1923, and of \$15,583.73 in 1924. Its assets and liabilities as of December 31, 1924 are reported as follows:

ASSETS:

Fixed Capital . . . . .	\$328,625.24	
Cash . . . . .	1,312.74	
Special Deposits . . . . .	2,425.99	
Accounts Receivable . . . . .	2,185.25	
Materials and supplies . . . . .	9,219.89	
Prepayments . . . . .	216.60	
Discount on stock . . . . .	37,151.34	
Total Assets . . . . .		<u>\$381,137.05</u>

LIABILITIES:

Capital Stock . . . . .	\$100,000.00	
Notes Payable . . . . .	7,500.00	
Accounts Payable . . . . .	445.99	
Reserve for depreciation . . . . .	79,135.52	
Corporate Surplus . . . . .	194,055.54	
Total Liabilities . . . . .		<u>\$381,137.05</u>

The company now reports the necessity of issuing \$25,000. of notes to pay the outstanding indebtedness of \$7,500., shown in the foregoing balance sheet, and to provide for the purchase and installation of 10" and 12" cast iron pipe to replace wooden pipe that has been in the ground for about thirty years. The record shows that during 1924 the company installed about 8430 feet of 8 inch steel pipe at a cost of about \$10,000. which was financed, in part, through the issue of the \$7,500. note it is now proposed to pay. The company reports that during the current year, and 1926 and 1927 it will be called upon to install, at a cost of \$24,201., about 11,487 feet of 10" and 12" pipe.

Applicant intends to issue the notes applied for herein from time to time, over the three year period in which it plans to carry on the replacement work. It desires permission to issue notes for less than a term of three years and renew them from time to time during the three year period.

ORDER

The Hollister Water Company having applied to the Railroad Commission for permission to issue \$25,000. of notes, a public hear-  
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ing having been held before Examiner Fankhauser 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 by applicant,

IT IS HEREBY ORDERED that The Hollister Water Company be, and it is hereby, authorized to issue not exceeding \$25,000. of its unsecured promissory notes, payable on or before three years after the date of this order, with interest at not exceeding 6% per annum, for the purpose of paying the outstanding indebtedness of \$7,500. and of financing the cost of purchasing and installing the pipe lines to which reference is made in the foregoing opinion.

IT IS HEREBY FURTHER ORDERED that The Hollister Water Company may, if it so desires, issue the \$25,000. of notes herein authorized for a period of less than three years, and may renew them from time to time, provided that the combined terms of the notes originally issued and of those given in renewal may not exceed a period of three years from the date of this order.

IT IS HEREBY FURTHER ORDERED that The Hollister Water Company shall keep such record of the issue 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, insofar as applicable, is made a part of this order.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall not become effective until applicant 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 12<sup>th</sup> day of May, 1925.

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*Chas. J. ...*  
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*Carlton ...*  
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*George D. ...*  
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Commissioners.

