

ORIGINAL

Decision No. 17997

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
HERMOSA-REDONDO WATER COMPANY,)
& corporation, for an order author-)
izing the issuance of bonds and)
stocks, and for a modification of)
the previous orders of the)
Commission in Decisions No. 12963)
and No. 13120.)

Application No. 12622.

BY THE COMMISSION:

FIRST SUPPLEMENTAL ORDER

Hermosa-Redondo Water Company, by Decision No. 16422, dated April 6, 1926, in the above entitled matter, was authorized, among other things, to issue and sell, at not less than 95 percent of face value plus accrued interest, \$50,000.00 of its first mortgage six and one half percent bonds, due December 1, 1953, and to use the proceeds, other than the accrued interest, to pay indebtedness incurred on account of extensions, additions and betterments to its properties made prior to October 31, 1925 and to pay the cost, estimated at \$30,300.00, of certain improvements to be made.

These improvements consisted of the following:-

Completion of ten inch main on Pearl Street	. . . . .	\$800.00
Additional outlet at Redondo Reservoir	. . . . .	3,000.00
Additional connecting pipe lines between Redondo and Hermosa tanks	. . . . .	6,500.00
Pumping plant at Redondo Villa	. . . . .	9,500.00
Additional meters and services	. . . . .	3,500.00
Additional mains	. . . . .	7,000.00
Total	.....	<u>\$30,300.00</u>

In a supplemental petition filed in this proceeding on January 25, 1927, the company reports that it sold its bonds at 95, receiving therefor \$47,500.00, of which it used \$17,200.00 to pay indebtedness, leaving the \$30,300.00 available for construction. It alleges, however, that due to the rapid growth of the territory served by it, applicant found it necessary to defer the construction of the ten inch main on Pearl Street and the additional outlet at Redondo Reservoir and to finance with bond proceeds only a portion of the pumping plant at Redondo Villa. Instead of these expenditures it reports that it has installed additional mains, services and meters and other expenditures as follows:-

<u>Distribution mains and valves:-</u>	\$23,009.40
1 - inch screw pipe dipped - 109 feet	
2 - inch screw pipe dipped - 6,287 feet	
2 - inch screw pipe dipped, second-hand - - - - 360 feet	
2 - inch McWane cast iron pipe - 831 feet	
2½-inch screw pipe dipped, - - 400 feet	
4 - inch screw pipe dipped - - 315 feet	
4 - inch screw pipe dipped, second-hand - - - - 2,542 feet	
4 - inch McWane cast iron pipe - 4,205 feet	
4 - inch Belgian cast iron pipe- 560 feet	
6 - inch screw pipe dipped, second-hand - - - - 1,630 feet	
6 - inch O.D. Casing dipped - - 2,275 feet	
6 - inch Rotary drill pipe, second-hand - - - - 180 feet	
6 - inch McWane cast iron pipe - 360 feet	
6 - inch Belgian cast iron pipe- 80 feet	
6-5/8 inch O.D. extra heavy casing, second-hand- - 4,206 feet	
8 - inch cast iron pipe - - - 141 feet	
1 - 1-inch gate valve	
7 - 2-inch gate valves	
1 - 2½-inch gate valve	
1 - 3-inch gate valve	
23 - 4-inch gate valves	
6 - 6-inch gate valves	
1 - 8-inch gate valve	
<u>Services and meters:-</u>	\$5,683.67
5 - 2-inch services and 2-inch meters	
3 - 1½-inch services and 1½-inch meters	
6 - 1-inch services and 1-inch meters	
218 - 3/4-inch services and 5/8-inch meters	
Redondo Villa pumping plant, (portion of cost)	\$1,606.93
Total - - - - -	<u>\$30,300.00</u>

The company asks the Commission to make a supplemental order authorizing the use of the \$30,300.00 of proceeds for these purposes. The Commission has given consideration to this request and is of the opinion that such expenditures are reasonably required for such purposes and are not in whole or in part reasonably chargeable to operating expense or to income, therefore,

IT IS HEREBY ORDERED that the order in Decision No. 16422, dated April 6, 1926 be, and it hereby is, modified so as to permit Hermosa-Redondo Water Company to use \$30,300.00 of the proceeds from the sale of the bonds authorized by said decision to finance the cost of the expenditures referred to herein and in applicant's first supplemental petition in this proceeding.

IT IS HEREBY FURTHER ORDERED that the order in Decision No. 16422, dated April 6, 1926, shall remain in full force and effect except as modified by this First Supplemental Order.

DATED at San Francisco, California, this 11th day of February, 1927.

Frank W. Wells
W. B. Brundage
Chas. E. ...
Leon Whitely
Thos. S. ...

Commissioners.