

Decision No. 16444 -

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the	}	Application No. 13406
HOVEY-BANDY CORPORATION		
for leave to encumber its pumping plant and the adjacent land.		

Cyrus A. Hovey, for applicant.

BY THE COMMISSION:

**ORIGINAL**

O P I N I O N

The Hovey-Bandy Corporation asks permission to issue a one year eight percent note for the sum of \$2,500.00 and to secure the payment of such note by the execution of a mortgage or trust deed, on property to which reference is hereafter made.

The Railroad Commission by Decision No. 15596 dated November 6, 1925 in Application No. 11560 declared that public convenience and necessity require and will require that the Hovey-Bandy Corporation operate a public utility for the purpose of supplying water for domestic use to consumers located in Tract No. 8392, together with two small adjacent tracts, all located in Los Angeles County.

It is of record that the Hovey-Bandy Corporation has drilled a well and installed the necessary pumping equipment and constructed a pump house. The well and pumping plant and appurtenances are located on a tract of land fronting 100 ft. on Curtis Avenue with a depth of 150 ft., the location of such land being shown on Exhibit "A" filed in this proceeding. The well of the company has a depth of 450 ft., a diameter of 12 inches and is equipped with an automatic electric pump. The testimony shows that the value of the land is approximately \$3,000. and that the cost of the well, pumping equipment and appurtenances cost \$7,000.

making a total investment of \$10,000. in the pumping plant. In addition to the \$10,000. invested in the pumping plant, approximately \$20,000. has been expended in the laying of mains in the tract covered by the certificate granted in Decision No. 15596.

S. L. Rodgers, secretary of the Hovey-Bandy Corporation, testified that there was now due on the pumping plant \$400. which is represented by an outstanding note. It is the intention of the corporation to borrow \$2,500. to be represented by its one year eight percent note to pay the balance due on the pumping plant and to provide itself with a fund to operate the plant until such time as the revenues from the utility business may be equal to the operating expenses. While several houses have been built upon the tract, the record shows that at the time of the hearing on this application but one family, applicant's secretary, resided on the tract. At the hearing and subsequent thereto we have asked applicant to file with the Commission a copy of its proposed mortgage. Such instrument has not been filed.

We have considered applicant's requests and believe they should be denied without prejudice, for the reason, among others, that applicant desires to use a substantial part of the proceeds obtained from the issue of the note to pay operating losses.

#### ORDER

The Hovey-Bandy Corporation, having applied to the Commission for permission to issue a \$2,500. note and execute a mortgage or trust deed, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that this application should be denied without prejudice,

IT IS HEREBY ORDERED that this application be, and the same is hereby, denied without prejudice.

DATED at San Francisco, California, this 1st day of June 1927.

H. B. Sandigo

C. S. Sawyer

Thos. J. Raitt

Commissioners.