

LBM

Decision No. 20882.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CHARLES H. QUANDT,)
for a certificate to exercise certain)
franchise rights and to execute a)
mortgage and note in the sum of ten)
thousand (\$10,000.00) dollars and a)
note in the sum of three thousand two)
hundred (\$3,200.00) dollars.)

Application No. 15426

Phil Jacobson, for applicant.

BY THE COMMISSION:

O P I N I O N

Charles H. Quandt asks the Railroad Commission to declare that public convenience and necessity require and will require him to exercise the rights and privileges granted to him by Ordinance No. 175 of the City of Torrance. Applicant further asks the Commission to authorize him to issue notes in the sum of \$13,200.00 and to execute a mortgage, for the purposes hereinafter stated.

Charles H. Quandt is operating a public utility water system, pursuant to the authority granted in Decisions Nos. 15437, 15752 and 15719. His public utility water plant is located in Los Angeles County near the City of Torrance. On October ^{3rd} 1928 the City of Torrance granted him a franchise (Ordinance No. 175) to construct, maintain and operate a water system in the following described territory:-

BEGINNING at a point in the center line of State Street, as shown on map of Tract No. 454, as recorded in Map Book 15, Page 13 in the office of the County Recorder of Los Angeles County; thence along the prolongation of said center line

easterly to an intersection with the prolongation northerly of the easterly line of Lot 102, in Tract No. 2200, as recorded in Map Book 26, Pages 19-20, Los Angeles County Records; thence southerly along this last mentioned prolonged line and the easterly line of Lot 102, and the prolongation southerly, of this easterly line of said Lot 102 to a point in the southwesterly line of Lot H, of the Rancho Los Palos Verdes, as per District Court Case No. 2373, Records of Los Angeles County; thence northwesterly along the southwesterly line of said Lot H to the southeast corner of the Meadow Park Tract, as per Miscellaneous Records, Book 15, Page 60; thence northerly along the easterly line of said Meadow Park Tract and the prolongation northerly of said easterly line to point of beginning.

This territory is contiguous to the territory now served by him.

It is of record that heretofore, to-wit, on June 10, 1925, applicant executed to W.E. Griffin and Alice Griffin a \$10,000.00 note secured by a mortgage upon twenty acres of land. This note and mortgage was due and payable on June 10, 1928 but its maturity has been extended to July 8, 1929. Applicant also executed to the First National Bank of Redondo a note in the sum of \$3,200.00, such note being payable ninety days after date. The testimony shows that at the time these notes were executed, applicant was not aware of the fact that the issue of the notes had to be authorized by the Commission. Upon having his attention called to this fact, he immediately caused the pending application to be filed with the Railroad Commission. The evidence clearly shows that the money obtained through the issue of the notes was held for the purpose of acquiring and constructing applicant's public utility water system.

Inasmuch as the notes to which reference has been made have been issued for a term of more than one year, or have been renewed without the consent of the Commission, we believe that both of such notes

are void. The order herein will authorize the issue of new notes for the purpose of refunding the indebtedness represented by the notes issued without permission from the Commission.

Applicant has filed a copy of his proposed mortgage which we find to be in satisfactory form.

Applicant proposes to furnish water in the territory herein described at the same rates which it is now charging in the territory served by him.

ORDER

Charles H. Quandt, having filed with the Commission an application for permission to perform the acts referred to in the foregoing opinion, a public hearing having been held before Examiner Fankhauser, and the Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of the \$13,200.00 of notes is reasonably required by Charles H. Quandt and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income, and that this application should be granted, as herein provided, therefore,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that public convenience and necessity require and will require Charles H. Quandt to construct and operate a water system for the purpose of supplying water in the tract described in Ordinance No. 175 of the City of Torrance, and to exercise the rights and privileges granted in said ordinance, provided applicant file with this Commission within twenty days from the date of this order a resolution declaring that said applicant, his successors and assigns will never claim for said franchise a value in excess of the actual cost of securing same, which cost shall be set forth in said resolution.

IT IS HEREBY ORDERED that Charles E. Quandt be, and he is hereby, authorized to issue a \$10,000.00 eight percent note payable on or before June 10, 1932 for the purpose of paying or refunding the \$10,000.00 indebtedness referred to in this application, and to execute a mortgage substantially in the same form as the mortgage filed in this proceeding to secure the payment of such note.

IT IS HEREBY FURTHER ORDERED that Charles E. Quandt be, and he is hereby, authorized to issue an unsecured note in the sum of \$3,200., such note to be payable on or before two years after date, with interest at the rate of eight percent per annum and to be issued for the purpose of refunding the \$3,200.00 unsecured note now held by the First National Bank of Redondo.

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

1. Within sixty days after the issue of the notes herein authorized, applicant shall file with the Railroad Commission 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.
2. The authority herein granted to execute a mortgage is for the purpose of this proceeding only and is granted only insofar as this 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 said mortgage may be subject.

3. The authority herein granted to issue notes will become effective when applicant has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is Twenty-five (\$25.00) Dollars.

DATED at San Francisco, California, this 18th day of March, 1929.

Thos S. Loutin
W. L. Loney
Wm. S. Gundersen
Leon Whittell
W. J. C. [unclear]
Commissioners.

