

Decision No. 21119

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)  
PORTOLA WATER COMPANY, )  
for permission to borrow money and )  
mortgage property. )

Application No. 15585.

E. I. Lane, for applicant.

WHITSELL, COMMISSIONER:

O P I N I O N

In this proceeding Portola Water Company has applied to the Railroad Commission for an order authorizing it to execute a mortgage and to issue a note, secured thereby, in the principal amount of \$10,000.00, for the purpose of paying outstanding indebtedness and of financing the cost of additions and extensions to its plant and properties.

Portola Water Company is engaged in the business of supplying water for various purposes to about 316 consumers in and about the Town of Portola, Plumas County. It has reported its gross revenues from the sale of water at \$6,185.15 in 1926; at \$7,120.55 in 1927 and at \$8,071.90 in 1928, and its net revenues, after deducting operating expenses, taxes and depreciation at \$3,173.35 in 1926; at \$4,507.95 in 1927 and at \$4,115.24 in 1928.

On December 31, 1928 it reported its assets and liabilities as follows:-

ASSETS:

Fixed capital . . . . .	\$44,413.79
Accounts receivable . . . . .	200.73
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Total Assets. . . . .	\$44,614.52
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LIABILITIES:

Capital stock . . . . .	\$23,000.00
Note payable. . . . .	4,000.00
Accounts payable. . . . .	2,165.00
Reserve for depreciation. . . . .	391.92
Income invested in fixed capital. . . . .	15,030.78
Corporate surplus . . . . .	26.82
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Total Liabilities . . . . .	\$44,614.52
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The \$4,000.00 note now outstanding is dated September 7, 1928, bears interest at the rate of seven percent per annum, matures on September 7, 1929 and is not secured by mortgage or deed of trust on any of applicant's properties. It appears that the note was issued to Plumas County Bank pursuant to authority granted by the Commission by Decision No. 18746, dated August 20, 1927, to pay for construction work made subsequent to December 31, 1926.

It is now reported that applicant proposes to execute a mortgage or deed of trust on all of its properties to secure the payment of a promissory note to the Plumas County Bank in the principal amount of \$10,000.00 payable in four annual installments of \$1,500.00 on the first day of May of each of the years 1930 to 1933, inclusive, and one payment of \$4,000.00 on May 1, 1934, with interest at the rate of seven percent per annum. It plans to use \$4,000.00 of the proceeds to retire the \$4,000.00 note now out-

standing and to use the remaining \$6,000.00 to finance the cost of extending its mains, of installing fire hydrants and of otherwise improving its system, reporting in this connection, the following proposed expenditures:-

Portola system (south side)  
1248 feet of 8 inch, class 150, cast iron pipe  
1416 feet of 6 inch, class 150, cast iron pipe  
908 feet of 4 inch, class 150, cast iron pipe  
9 standard fire hydrants, valves and fittings.

North Portola system (north side)  
1056 feet of 4 inch, class 150, cast iron pipe  
840 feet of 4 inch, O.D. casing pipe  
450 feet of 2 inch standard screw pipe  
3 standard fire hydrants.

In addition applicant proposes to expend about \$1,000.00 in improving its springs and wells to obtain a greater supply of water.

The total cost of the extensions and improvements is estimated by applicant at about \$9,000.00, including freight and labor of installation, as outlined in some detail by Mr. E. I. Lane, applicant's president, at the hearing held on this petition. The expenditures in excess of the \$6,000.00 to be received through the issue of the note will be made, it is said, from the earnings of the properties.

The proposed expenditures seem to be necessary to enable applicant to improve its service through the installation of larger mains, the provision for a larger fire protection system and the development of additional water. An examination of the company's financial statements indicates that its assets and earnings should be ample to support a note issue of \$10,000.00 and it clearly appears to me to be in the public interest to authorize its

issue for the purposes set forth herein.

Accordingly, I herewith submit the following form of order:-

ORDER

Portola Water Company having applied to the Railroad Commission for permission to issue a secured note in the amount of \$10,000.00, a public hearing having been held, and the Commission being of the opinion that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of the note is reasonably required for the purposes specified herein, which purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Portola Water Company be, and it hereby is authorized to execute a mortgage or deed of trust substantially in the same form as that filed in this proceeding and to issue its promissory note, secured thereby, in the principal amount of \$10,000.00, payable on or before May 1, 1934, with interest at the rate of seven percent per annum, and to use the proceeds to be received through the issue of the note to pay the \$4,000.00 indebtedness now outstanding and to finance, in part, the cost of the additions, extensions and improvements referred to in the foregoing opinion.

The authority herein granted is subject to the

following conditions:-

1. Applicant shall keep such record of the issue of the note 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.
2. The authority herein granted to execute a mortgage or deed of trust 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 said mortgage or deed of trust as to such other legal requirements to which it may be subject.
3. The authority herein granted 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.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

DATED at San Francisco, California, this 16<sup>th</sup>

day of May, 1929  
Fee \$25.00

*H. M. ...*  
Fee #

*Thos. J. ...*  
*...*  
*...*  
*Leon ...*  
*...*  
Commissioners.