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Decision No. 21445.

**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
CORONA CITY WATER COMPANY, )  
a corporation, for authority to issue ) Application No. 15742  
and refund notes. )

Walter S. Clayson, for applicant.

BY THE COMMISSION:

O P I N I O N

Corona City Water Company asks permission to issue six percent notes in the sum of \$59,500.00 for the purpose of paying or refunding indebtedness.

Applicant is engaged in the business of furnishing and supplying domestic water to the inhabitants of the City of Corona, California. In its 1928 annual report applicant reports 1615 consumers. It obtains its water supply from Temescal Water Company, a mutual company, through the ownership of 700 shares of stock of that company.

Corona City Water Company has outstanding \$75,000.00 of common stock. It has no bonded debt. Its outstanding notes at present consist of \$40,000.00, of which \$30,000.00 was issued under the authority granted by Decision No. 17040, dated July 2, 1926, in Application No. 12911. Its other indebtedness on June 1, 1929 consisted of \$56,338.69, payable to the Temescal Water Company, and \$3,720.19, which represents advances for construction and consumer's deposits.

Applicant asks to issue its \$30,000.00 three year six percent note to the Temescal Water Company, the payment of said note to be secured by the deposit of 200 shares of stock of Temescal Water Company; its \$14,500.00 six percent one year unsecured note to the First National Bank of Corona; and its \$15,000.00 one year six percent unsecured note to Allen J. Davis, a director of Temescal Water Company. Of the proceeds realized from the issue of the \$14,500.00 note and the \$15,000.00 note; \$10,000.00 will be used to pay an outstanding \$10,000.00 note, while the remainder will be used to pay indebtedness due the Temescal Water Company, and for the purpose of making further improvements to the company's water system. The testimony of C. M. Scoville, secretary of applicant, shows that applicant expended more than \$29,500.00 for additions and betterments to its properties, and that the company will be able to meet its interest charges. Applicant has been financing the cost of property acquired or constructed through the issue of short term notes and the creation of indebtedness represented by accounts payable, rather than through the issue of bonds.

#### ORDER

Corona City Water Company, having asked permission to issue \$59,500.00 face value of notes, a public hearing having been held before Examiner Fenkhauser, and the Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant, 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,

IT IS HEREBY ORDERED as follows:-

1. Corona City Water Company may issue on or before October 1, 1929 its \$30,000.00 note in favor of Temescal Water Company, due on or before three years from date, with interest at the rate of six percent per annum, payable quarterly, and secure the payment of such note by the deposit of 200 shares of the capital stock of Temescal Water Company, and

shall use the proceeds obtained from the issue of such note to pay a note of like amount dated July 17, 1926.

2. Corona City Water Company may issue on or before October 1, 1929 its unsecured note for \$14,500.00 in favor of First National Bank of Corona, such note to be payable on or before one year after date, with interest at the rate of six percent per annum, payable quarterly, and shall use \$10,000.00 of the proceeds to pay an outstanding note of like amount and \$4,500.00 for the improvement of its public utility water system.

3. Corona City Water Company may issue on or before October 1, 1929 its unsecured note for \$15,000.00 in favor of Allen J. Davis, such note to be payable on or before one year after date, with interest at the rate of six percent per annum, payable quarterly, and shall use the proceeds to pay part of applicant's indebtedness payable to the Temescal Water Company.

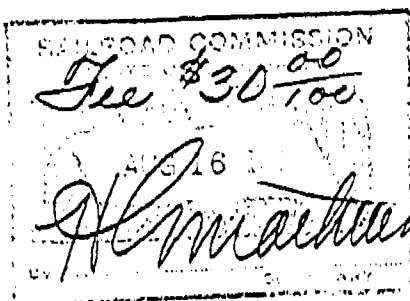
4. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Thirty (\$30.00) Dollars.

5. Within thirty days after the issue of the notes herein authorized, Corona City Water Company shall file with the Commission a copy of each and every note, and shall further submit a statement showing the purposes for which the proceeds obtained from the issue of the respective notes were used.

DATED at San Francisco, California, this 12<sup>th</sup> day of August, 1929.

Thos. D. Smith  
C. L. Seaver  
Edw. W. Scott  
Leon A. Whelan  
M. L. Carr

Commissioners.



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