

LEM

Decision No. 24672.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the)
DIAMOND RIDGE WATER COMPANY,)
a corporation, for permission to renew) Application No. 18054
notes now outstanding.)

V. A. Boell, for applicant.

BY THE COMMISSION:

ORIGINAL

O P I N I O N

Diamond Ridge Water Company has applied to the Railroad Commission for permission to issue a note for \$3,000. for a term of six months with interest at the rate of seven percent per annum, for the purpose of renewing outstanding indebtedness.

It appears that Diamond Ridge Water Company is a corporation organized during March, 1916, under the laws of the State of California. It is engaged in the business of furnishing and delivering water for domestic, commercial and irrigation purposes to some sixty consumers, more or less, along its ditches and in and around the towns of Diamond Springs and El Dorado, in El Dorado County. It reports its assets and liabilities as of February 29, 1932 as follows:-

A S S E T S

Fixed capital	\$119,261.12
Cash	128.91
Accounts receivable	75.50
Corporate deficit	14,679.83
Total assets.....	<u>\$134,145.36</u>

L I A B I L I T I E S

Capital stock	\$ 62,050.00
Assessments	64,850.72
Notes payable	3,000.00
Accounts payable	3,781.17
Consumers' deposits	463.47
Total liabilities.....	<u>\$134,145.36</u>

In connection with the outstanding note indebtedness the company reports in Exhibit "1" that during 1926 it issued three notes in the aggregate amount of \$2,250.00, which was reduced on December 31, 1927 to \$2,000.00. Thereafter on July 7, 1928 a further note was issued in the amount of \$1,000.00, bringing the total note indebtedness up to \$3,000.00, which in turn was refinanced on December 1, 1931 through the issue of a new note for \$3,000.00, dated December 1, 1931, and due May 28, 1932, with interest at the rate of seven percent per annum.

The issue of the renewal note was not authorized by this Commission although it is clear that such authorization should first have been obtained. It is equally clear, however, that applicant's failure to obtain the consent of the Railroad Commission was through inadvertence and with no intent to evade the provisions of the Public Utilities Act. When the matter of the necessity of securing the permission of the Railroad Commission was brought to its attention it immediately filed this application.

In making this application the company reports that the issue of its notes was necessary because it needed funds for repairs to its pipe lines and to pay taxes, as set forth in some detail in its Exhibit "2". Since the issue of the notes the company's revenues have not been sufficient to pay the notes and its operating costs.

Applicant's note is not secured by mortgage or deed of trust on any of its properties, but is endorsed by four of its directors; namely, John I. Martin, R. Dekker, K. Moore and A.H. Greeley. The order herein will permit the issue of the new six months note, as applied for, and the renewal thereafter from time to time for a further period of four years.

ORDER

Diamond Ridge Water Company having applied to the Railroad Commission for permission to issue a note for \$3,000.00, a public hearing having been held before Examiner Satterwhite, and the Commission being of the opinion that the issue of such note is reasonably required by applicant and that the application should be granted as herein provided, therefore,

IT IS HEREBY ORDERED, that Diamond Ridge Water Company be, and it hereby is, authorized to issue its promissory note on or before June 30, 1932, in the principal amount of \$3,000.00 payable on or before six months after the date thereof, with interest at not exceeding seven percent per annum for the purpose of paying outstanding indebtedness of like amount.

IT IS HEREBY FURTHER ORDERED, that Diamond Ridge Water Company be, and it hereby is, authorized to renew the note herein authorized, in whole or in part, from time to time, provided that no renewal note may mature later than December 31, 1936.

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

- (1) Within thirty(30) days after the issue of the note herein authorized, applicant shall file a report of such issue, 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 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 11th day of
April, 1932.

J. J. Sawyer
Leon Caldwell
W. H. Linn
M. B. Harris
Frederic G. Stewart
Commissioners.

