

LBM

Decision No. 25084

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
FARMERS IRRIGATION COMPANY, )  
a corporation, for an order author- )  
izing it to issue notes to evidence )  
moneys advanced and pay for proper- )  
ties heretofore acquired. )

Application No. 18307

**ORIGINAL**

Farrand and Slosson, for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding Farmers Irrigation Company asks permission to issue \$113,000.00 of unsecured serial notes with interest at not to exceed seven percent per annum and to refund such notes upon their maturities.

Farmers Irrigation Company, a corporation organized and existing under the laws of the State of California, is engaged in the business of distributing water for irrigation purposes in the City of Santa Paula and in the adjoining territory. As of March 31, 1932 the company reports its assets and liabilities as follows:-

<u>A S S E T S</u>	
Fixed capital .....	\$434,173.24
Cash .....	969.82
Accounts receivable .....	1,396.87
Materials and supplies .....	442.30
Prepaid taxes .....	238.79
Prepaid insurance .....	171.70
Total assets.....	<u>\$437,392.72</u>
<u>L I A B I L I T I E S</u>	
Capital stock outstanding.....	\$225,800.00
Notes payable .....	113,000.00
Donations in aid of construction.....	6,133.60
Reserve for accrued depreciation.....	70,952.85
Reserve for compensation insurance.....	117.52
Reserve for county taxes .....	412.94
Corporate surplus .....	20,975.81
Total liabilities.....	<u>\$437,392.72</u>

The \$113,000.00 of notes which applicant now asks permission to issue will be used to refund \$73,011.46 of notes which the company issued under the authority granted by Decision No. 16005 dated February 15, 1926 in Application No. 12469. The remainder of the notes, namely \$39,988.54, were issued from time to time by applicant for the purpose of paying for extensions and additions to its properties since September 30, 1925.

The notes which applicant now has outstanding mature at varying dates during 1932 and 1933. Some of such notes were issued upon the erroneous but good faith assumption that the authority of the Commission to issue such notes was not required. Upon having its attention called to the fact that the issue of the notes should be authorized by the Commission, applicant filed the instant application.

Our examination of this application leads us to conclude that the moneys obtained through the issue of the notes in question were used for purposes indicated in the Public Utilities Act and that the issue of the notes to refund the indebtedness in question should be authorized. The following order will, however, not permit any unpaid interest to be added to the principal of the notes or obligate applicant to pay attorneys' fees in case suit is brought to collect the amounts due on the notes. If these contingent liabilities become actual liabilities and the amount thereof is known, applicant may present the matter of their payment in a new application.

#### ORDER

Farmers Irrigation Company having asked permission to issue notes in the amount of \$113,000.00, the Commission having considered the request of applicant and being of the opinion that this is a

matter in which a public hearing is not necessary, that the money, property or labor to be procured or paid for by the issue of the \$113,000.00 of notes is reasonably required by applicant for the purpose herein stated, and that the expenditures for such purpose are not in whole or in part reasonably chargeable to operating expense or to income, therefore,

IT IS HEREBY ORDERED, that Farmers Irrigation Company be, and it is hereby, authorized to issue and deliver unsecured promissory notes in the aggregate amount of not exceeding \$113,000.00, such notes to bear interest not to exceed seven percent per annum, payable semi-annually, or at maturity of the notes maturing in 1932, in gold coin of the United States of America, of the present standard of weight and fineness, with a provision therein that in case of default in any installment of principal or interest, the holder thereof may declare all of said unpaid principal and interest to be immediately due and payable, and with the following maturities:-

<u>AMOUNT</u>	<u>DATE OF MATURITY</u>
\$5,000.00	Aug. 1, 1932
5,000.00	Sept. 1, 1932
5,000.00	Nov. 1, 1932
5,000.00	Dec. 1, 1932
5,000.00	Dec. 31, 1932
5,000.00	Aug. 1, 1933
5,000.00	Sept. 1, 1933
5,000.00	Nov. 1, 1933
5,000.00	Dec. 1, 1933
5,000.00	Dec. 31, 1933
5,000.00	Aug. 1, 1934
5,000.00	Sept. 1, 1934
5,000.00	Nov. 1, 1934
5,000.00	Dec. 1, 1934
5,000.00	Dec. 31, 1934
5,000.00	Aug. 1, 1935
5,000.00	Sept. 1, 1935
5,000.00	Nov. 1, 1935
5,000.00	Dec. 1, 1935
5,000.00	Dec. 31, 1935
5,000.00	Aug. 1, 1936
5,000.00	Sept. 1, 1936
3,000.00	Nov. 1, 1936

IT IS HEREBY FURTHER ORDERED, that Farmers Irrigation Company may refund any or all of the above described promissory notes when due, by the execution and delivery of a promissory note similar in terms and amount with the promissory note refunded, with maturity not later than August 1, 1937.

IT IS HEREBY FURTHER ORDERED, that Farmers Irrigation Company shall use the proceeds realized through the issue of the aforesaid notes to pay or refund the \$113,000.00 of notes which it now has outstanding.

IT IS HEREBY FURTHER ORDERED, that the authority herein granted will become effective when Farmers Irrigation Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Forty (\$40.) Dollars, and that said Farmers Irrigation Company shall file with this Commission reports, such as are required by the Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 22<sup>d</sup> day of August, 1932.

W. A. ...  
Leon ...  
M. A. ...  
M. B. ...  
Fred G. ...  
Commissioners.

Fee \$40 <sup>00</sup>/<sub>100</sub>  
RAILROAD COMMISSION  
AUG 25 1932  
[Signature]  
Fee # 29916