

IM

Decision No. 10460.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
EL DORADO WATER CORPORATION, )  
a corporation, for an order authoriz- ) Application Number 7646.  
ing the execution of a mortgage and )  
the issue of bonds. )

ORIGINAL

B.D.Marx Greene, for Applicant.

BY THE COMMISSION:

O P I N I O N

EL DORADO WATER CORPORATION asks permission to execute a mortgage and to issue and sell \$200,000.00 of its Series "A" first mortgage sinking fund gold bonds.

A public hearing was held by Examiner Satterwhite in San Francisco on March 24, 1922. On May 9, 1922 applicant filed a revised copy of its proposed mortgage and the matter is now ready for decision.

El Dorado Water Corporation was organized on or about February 4, 1922 for the purpose of acquiring and operating the properties and business of El Dorado Water Company, a public utility supplying water for irrigation, domestic and public purposes in and about the City of Placerville. By Decision Number 10167 dated March 7, 1922, the Railroad Commission authorized applicant to purchase the properties of El Dorado Water Company, and in consideration to issue \$75,000.00 of its common stock and to assume the payment of all indebtedness and the performance of all obligations of El Dorado Water Company.

Applicant now proposes to execute a mortgage of all of its properties to secure the payment of an authorized issue of \$2,000,000.00 of first mortgage sinking fund gold bonds, issuable in series. As to each series the Board of Directors of the company may fix, among other things, the date and the maturity (not later than May 1, 1962) of such bonds, the denomination or denominations in which they shall be issued and the interest rate and redemption price and dates, and may determine whether such bonds shall be convertible and, if so, upon what terms and conditions. All bonds of any one series at any time outstanding shall be identical in respect of date, maturity, interest rate, redemption price and dates and other terms, except that bonds of same series may be of different denominations.

The Series "A" bonds aggregate \$250,000.00. These bonds are dated May 1, 1922, will mature on May 1, 1947 and will bear interest at the rate of 6½ percent. per annum. Series "A" bonds are redeemable on the first day of any month upon payment of principal, accrued interest, and if redeemed before May 1, 1927, a premium of five percent.; if redeemed on or after May 1, 1927 and before May 1, 1932, a premium of four percent.; if redeemed on or after May 1, 1932 and before May 1, 1937, a premium of three percent.; and if redeemed on or after May 1, 1937 and before May 1, 1947, a premium of two percent.

Applicant asks permission to issue and sell \$200,000.00 of Series "A" bonds at 89, a price that will net the company \$178,000. It asks permission to use \$130,000.00 of the proceeds to pay the cost of constructing a reservoir, dam and canals, to use \$44,000.00 to pay and retire the outstanding bonds of El Dorado Water Company, and to use \$4,000.00 for working capital.

Applicant and its predecessor have been purchasing water at wholesale from Western States Gas and Electric Company under a contract, dated May 31, 1919, which provides for a maximum delivery of

forty second feet. It appears from the petition and from the testimony of R.W.Hawley, applicant's general manager, that an additional source of water supply must be developed.

The company proposes to construct a reservoir on the north fork of Webber Creek about six and one half miles from Placerville, which will have an estimated capacity of 3200 acre feet. The dam will be 110 feet high and have a span or crest length of 340 feet. It is thought that the land, clearing the reservoir and building the dam will cost \$80,000.00; the ditch, tunnel and pipe lines \$45,000.00; and contingencies and overhead \$5,000.00; the total cost being \$130,000.00.

Applicant believes that the construction of the dam will enable it to conserve 4800 acre feet of water per annum, that its water supply for irrigation purposes will be considerably increased and that through building the reservoir the cost of water purchased will be reduced from approximately \$15,000.00 to \$8,000.00 per annum. In addition, the company will be in a position to take on additional consumers.

Applicant acquired its properties from El Dorado Water Company subject to outstanding bonded indebtedness of \$46,000.00. Applicant reports that it is necessary to retire this bonded debt, in order that the new bonds may be a first lien on its properties. It appears that \$2,000.00 in cash is in the hands of the trustee to be applied to the redemption of bonds, and that the remainder must be secured from the sale of the bonds herein requested. Applicant asks permission to issue \$44,000.00 of bonds for this purpose.

The record shows that of the outstanding bonds of El Dorado Water Company, \$25,000.00 were delivered to Western States Gas and Electric Company for properties, \$8,000.00 are pledged as collateral and the remaining bonds were sold at prices ranging from 92 to par. The testimony herein shows that applicant may purchase the bonds

held by Western States Gas and Electric Company at not more than 95, and that the remaining bonds may be acquired by applicant at the same price they were purchased.

Applicant further desires permission to use not less than \$4,000.00 of the proceeds from the sale of its bonds to provide a working cash capital, it reporting that at least that amount is necessary in the conduct of its business.

O R D E R

EL DORADO WATER CORPORATION having applied to the Railroad Commission for permission to execute a mortgage and to issue and sell bonds, a public hearing having been held and the Railroad Commission being of the opinion that the application should be granted and that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant for the purposes specified herein,

IT IS HEREBY ORDERED that El Dorado Water Corporation be, and it is hereby, authorized to execute a mortgage substantially in the same form as the revised copy filed in this proceeding on May 9, 1922,

IT IS HEREBY FURTHER ORDERED that El Dorado Water Corporation be, and it is hereby, authorized to issue and sell for cash at not less than 89 percent. of face value plus accrued interest, \$200,000.00 of its first mortgage sinking fund gold bonds of Series "A".

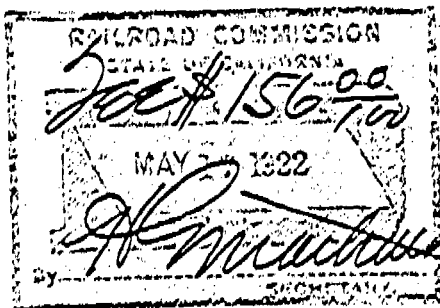
The authority herein granted is subject to the following conditions:-

- 1....The authority herein granted to execute a mortgage is for the purpose of this proceeding only and is an approval only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval as to such other legal requirements to which said mortgage

may be subject.

- 2....Applicant may use the proceeds from the sale of the bonds herein authorized to provide the cost of constructing its proposed Webber Creek dam and reservoir, to retire the outstanding bonds of El Dorado Water Company and to provide a working cash capital, all as set forth in this application and referred to in the preceding opinion.
- 3....Applicant shall keep such record of the issue and sale of the bonds 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 in so far as applicable, is made a part of this order.
- 4....The authority herein granted will not become effective until applicant has paid the fee prescribed by Section 57 of the Public Utilities Act.
- 5....The authority herein granted will apply only to such mortgage as may be executed and to such bonds as may be issued, sold and delivered on or before November 30, 1922.

DATED at San Francisco, California, this 16th day of May, 1922.



[Signature]

[Signature]

[Signature]

Commissioners.

see Dec. 6435 \$30  
7772 \$25