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Decision No. 11246.

BEFORE THE RAILROAD COMMISSION OF
THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of the)
GARDEN GROVE CITY WATER COMPANY,)
and)
R.W. ELLIOTT and LUCY P. ELLIOTT, his)
wife, of Garden Grove, California, for)
an order authorizing the execution of)
a renewal note and mortgages to secure)
same.)

Application No. 8359

J.A. Knapp, for Applicants.

BY THE COMMISSION:

O P I N I O N

In this application the Railroad Commission is asked to make its order authorizing GARDEN GROVE CITY WATER COMPANY to issue a \$2,400.00 seven per cent. note payable on or before April 1, 1927, to R.W. Elliott and Lucy P. Elliott and to execute a real estate mortgage and a chattel mortgage to secure the payment of the note.

A public hearing in this matter was held before Examiner W.R. Williams in Los Angeles on November 10, 1922.

It appears that the Garden Grove City Water Company was incorporated on or about August 6, 1914, and is at present engaged in the distribution of water for domestic, irrigation and industrial purposes in Garden Grove, Orange County. The company's balance sheet as of August 1, 1922, shows the following:

ASSETS:

Fixed Capital:	
Intangible capital,.....	\$150.92
Landed capital,.....	341.75
Pumping capital,.....	5,719.21
Distributing capital,.....	4,511.78
Total Fixed Capital,.....	\$10,723.66
Cash,.....	659.46
Notes receivable,.....	60.00
Suspense,.....	48.80
TOTAL <u>ASSETS</u> ,.....	<u>\$11,491.92</u>

LIABILITIES:

Capital stock,.....	\$ 4,305.00
Notes payable,.....	2,471.75
Reserve for Accrued Depreciation,.....	3,631.00
Consumers' Deposits,.....	192.38
Corporate Surplus,.....	891.79
TOTAL <u>LIABILITIES</u> ,.....	<u>\$11,491.92</u>

For the seven months ending July 31, 1922, the company reports operating revenues of \$2,046.99 and operating expenses of \$1,315.44, including \$350.00 for depreciation, leaving net revenues of \$731.55. It appears that applicant serves a population of about 800 and furnishes water to irrigate 30 acres of land.

On August 26, 1915, by Decision No. 2716 (Vol. 7, Opinions and Orders of the Railroad Commission of California, pg. 908) the Commission authorized Garden Grove City Water Company to issue \$4,500.00 of stock and \$3,471.75 of notes to acquire water properties from R.W. Elliott and to pay for additions and betterments. The present application shows that of the indebtedness authorized by Decision No. 2716, \$2,471.75 is now outstanding and is represented by a secured note, in favor of R.W. Elliott and Lucy P. Elliott. The company now proposes to pay \$71.75 of this note in cash and to issue a renewal note for the remaining \$2,400.00. R.W. Elliott and Lucy P. Elliott have expressed their willingness to accept a renewal note in this amount secured by new mortgages.

Copies of the proposed note and mortgages have been filed in this proceeding. The note will be dated April 1, 1922, will be payable on or before five years after date and will bear interest at

seven per cent. per annum. The mortgages, one a real estate and the other a chattel, will be a direct first lien on the property of the Garden Grove City Water Company.

O R D E R.

Application having been made to the Railroad Commission for an order authorizing the issue of a note and the execution of a real estate mortgage and a chattel mortgage, a public hearing having been held and the Railroad 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 for the purpose specified herein and that the expenditures for such purpose are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED, that GARDEN GROVE CITY WATER COMPANY be, and it is hereby, authorized to execute a real estate mortgage and a chattel mortgage substantially in the same form as those filed in this proceeding, and to issue to R.W. Elliott and Lucy P. Elliott a \$2,400.00 seven per cent. note payable on or before five years after date.

The authority herein granted is subject to the following conditions:

- 1.--The authority herein given to execute mortgages is for the purpose of this proceeding only, and is granted 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 mortgages may be subject.
- 2.--The note herein authorized to be issued shall be delivered to R.W. Elliott and Lucy P. Elliott in renewal in part of the note now held by them and referred to in the foregoing opinion.

3.--Garden Grove City Water Company shall keep such record of the issue and delivery of the note herein authorized 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 apply only to such note as may be issued and to such mortgages as may be executed on or before December 31, 1922.

DATED at San Francisco, California, this 18th day of November, 1922.

H. B. Brundage
James M. Martin
John W. Brown
J. T. Smith

Commissioners.