

HS

Decision No. 11392.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE  
STATE OF CALIFORNIA.

In the Matter of the Application of )  
MACLAY RANCHO WATER COMPANY ) Application No. 8143.  
for permission to issue renewal notes.)

Alfred S. Cooper for applicant.

BY THE COMMISSION.

O P I N I O N.

In this application, MACLAY RANCHO WATER COMPANY asks the Railroad Commission to make its order approving the issue of a two and one-half year 6-1/2 per cent. note dated November 18, 1920, in the principal amount of \$96,500.00.

A public hearing was held before Examiner Williams in Los Angeles on December 15, 1922.

MacLay Rancho Water Company was organized on or about January 8, 1896, with an authorized capital stock of \$150,000.00, divided into 15,000 shares of the par value of \$10.00 each, all of which is at present outstanding. The company is engaged in the business of supplying water for domestic, irrigation and other purposes in and about San Fernando, serving about 100 consumers. It reports its assets and liabilities as of December 31, 1921, as follows:

ASSET ACCOUNTS:

Fixed Capital, . . . . .	\$164,818.21
Cash and Special Funds, . . . . .	30,000.00
Accounts Receivable, . . . . .	94,725.69
Interest and Dividends Receivable, . . . . .	625.27
Other Current Assets, . . . . .	50.00
Miscellaneous Investments, . . . . .	63,443.00
Unamortized Discount on Bonds, . . . . .	9,500.00
Bonds Purchased, . . . . .	3,150.00
Assessments Due, . . . . .	14,510.00
Corporate Deficit, . . . . .	88,538.75
Total <u>ASSET ACCOUNTS</u> , . . . . .	<u>\$469,350.92</u>

LIABILITY ACCOUNTS:

Capital Stock, . . . . .	\$150,000.00
Assessments on Stock, . . . . .	54,000.00
Funded Debt, . . . . .	141,500.00
Notes Payable, . . . . .	102,865.45
Accounts Payable, . . . . .	16,508.21
Interest Accrued, . . . . .	4,477.26
Total <u>LIABILITY ACCOUNTS</u> , . . . . .	<u>\$469,350.92</u>

The \$96,500.00 note referred to in this application is included in the \$102,865.45 of notes payable contained in the foregoing statement. It appears that this note was issued without authority from the Railroad Commission and was given in renewal of earlier notes representing indebtedness incurred in the purchase of properties. Applicant alleges, however, that it issued the note on November 18, 1920 through inadvertence and that it was unaware that permission from the Commission was necessary. Upon being advised by the Commission that its note was illegally issued, it filed this petition.

Subdivision "D" of Section 52 of the Public Utilities Act reads in part as follows:

"All stock and every stock certificate, and every bond, note or other evidence of indebtedness, of a public utility, issued without an order of the Railroad Commission authorizing the same then in effect shall be void, and likewise all stock and every stock certificate, and every bond, note or other evidence of indebtedness, of a public utility, issued with the authorization of the Commission, but not conforming in its provisions to the provisions, if any, which it is required by the order of authorization of the Commission to contain, shall be void;\*\*\*\*\*"

We are of the opinion that the note issued by applicant on

November 18, 1920 is void under the provisions of the Public Utilities Act and that the Commission cannot ratify or approve the issue of a void note. The order herein will therefore authorize applicant to issue a \$96,500.00 note for the purpose of refunding the indebtedness represented by the note which it attempted to issue on November 18, 1920.

O R D E R.

MACLAY RANCHO WATER COMPANY having applied to the Railroad Commission for an order approving the issue of a note, a public hearing having been held and the Railroad Commission being of the opinion that applicant should be permitted to issue its note to refund outstanding indebtedness and that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant;

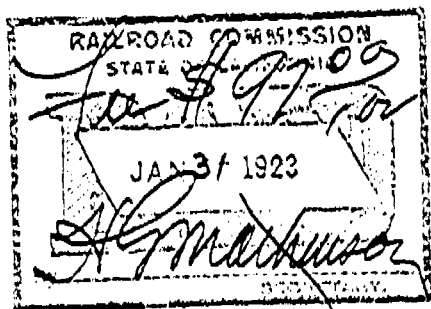
IT IS HEREBY ORDERED, that MACLAY RANCHO WATER COMPANY be, and it is hereby, authorized to issue its two and one-half year 6½ per cent. note in the principal amount of \$96,500.00 to refund the indebtedness referred to in the foregoing opinion.

The authority herein granted is subject to the following conditions:

- (1) The authority herein granted will become effective upon the payment by applicant of the fee prescribed in Section 57 of the Public Utilities Act, which fee is \$97.00.
- (2) Applicant, within 30 days after its issue shall file a copy of the note it is herein authorized to issue, the filing of which will relieve applicant from filing reports under the Railroad Commission's General Order No. 24.

(3) The authority herein granted will apply only to such issue  
of a note as may be made on or before February 28, 1923.

DATED at San Francisco, California, this 23<sup>rd</sup> day  
of December, 1922.



*H. M. ...*  
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Commissioners.