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Decision No. _____.

ORIGINAL

Decision No. 2896

BEFORE THE RAILROAD COMMISSION OF
THE STATE OF CALIFORNIA.

In the Matter of the Application)
of H. CLAY NEEDHAM for authority)
to mortgage his water system at)
Newhall for the sum of \$6,500.)

Application

No. 1937.

BY THE COMMISSION.

O P I N I O N

Applicant is the sole owner of an unincorporated water system at Newhall, Los Angeles County, installed in 1910 and 1911. The system consists of a flowing well south of town, an auxiliary well north of town with pump, two wood tanks, one of a capacity of 80,000 gallons and one of a capacity of 300,000 gallons, about ten acres of land used in connection with the wells and tanks, and about four miles of mains, consisting of 21,620 feet of two inch standard screw pipe, 19,301 feet of 4-1/2 inch casing and 12,072 feet of 5-5/8 inch casing.

Applicant is indebted to his brother, Tim Needham, of Williamstown, Kentucky, in the sum of

\$6,500. for moneys advanced from time to time, the last advance being made about twenty years ago. The payment of this indebtedness is now secured by mortgage on certain real property owned by applicant not connected with the water system, but as a matter of convenience in the handling and disposition of said real estate applicant desires to free it of encumbrances by encumbering the water system. He asks authority of this Commission to issue a note for \$6,500, payable seven years after date, with simple interest at the rate of seven per cent. per annum, payable annually and secured by mortgage upon the said water system.

There are no liens at present on the system and the obligations of applicant incurred in connection with the construction and operations of said system at present unpaid do not exceed the sum of \$150. The system is owned by him individually.

This application is governed by Sections 51 and 52 of the Public Utilities Act. A reading of these sections, and a consideration of the purposes of the act, show its meaning to be that obligations incurred by a utility for its purposes may be refunded. The act does not permit this Commission to authorize the encumbrance of public utility property used and useful for serving the public, to secure the payment of a private individual debt of the owner of such property incurred for other

purposes than those of the utility. The act authorizes the encumbrance of such a property only for specific purposes connected with the functions and activities of such properties when used in the public service.

The obligation proposed is not that of the utility. The present indebtedness was not incurred for its benefit or in connection with its acquisition, construction, extension or completion, nor for the improvement or maintenance of its service. It is only for purposes such as these that notes and securities may be authorized. It is such obligations of which we may under the act authorize the discharge or refunding.

O R D E R

For the lack of power to grant it, the application is hereby denied.

Dated at San Francisco, California, this 11th day of November, 1915.

Max Shellen

August Gordon

Edwin O. Edgerton

Francis P. Davis

Commissioners.