

Decision No. _____

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

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ORIGINAL

Decision No. 2932

In the matter of the Application of)
CONSOLIDATED WATER COMPANY OF POMONA,)
for authority to increase its bonded) Application No. 1762.
indebtedness to the total sum of)
\$225,000.00)

Parker and Parker for applicant;
C.W. Guerin for City of Pomona.

EDGERTON, Commissioner.

FIRST SUPPLEMENTAL OPINION.

Subject to the conditions, hereinafter stated, this Commission by its decision No. 2668, dated August 14, 1915, authorized CONSOLIDATED WATER COMPANY OF POMONA to issue \$225,000 face value of first mortgage six per cent twenty year bonds. The decision provides that no bonds shall be issued until after this Commission has issued its supplemental order approving applicant's mortgage or deed of trust, securing the payment of said bonds; fixing the minimum price at which the bonds may be sold; setting forth the specific purposes for which the proceeds to be obtained from the sale of the bonds may be used and such other conditions as the Commission may deem proper.

Applicant has submitted for approval a copy of its proposed mortgage or deed of trust, which has been marked Exhibit No. 1.

Applicant requests that it be permitted to issue its bonds at par less a commission of 5 per cent, and that it be permitted to use the proceeds to be obtained from the sale of the

bonds for the following purposes:

To pay the present bonded indebtedness,	\$175,000.00
To pay E.B. Davis, note,	9,000.00
To pay B.C. Lattin, note,	24,000.00
To pay Wash Hunt, note,	3,000.00
To pay Ehos. B. Evans, note,	2,500.00
To pay L.C. Meredith,	3,000.00
To pay Blankenhorn, Hunter Company, commission and discount on the sale of bonds,	6,750.00
To pay Title Insurance & Trust Company, Certifi- cate of Title,	750.00
To pay attorneys fees, Parker & Parker, and O'Melveny, Stevens & Milliken, for preparing deed of trust and certifying to the validity of the bonds, etc.,	<u>1,000.00</u>
Total,	\$225,000.00

The issuance of the abovementioned notes has heretofore been authorized by this Commission.

The sum of \$6,750.00, representing commission and discount on the sale of the bonds, together with the sum of \$1,750.00, representing attorney fees and fees for the certification of title, are not proper capital expenditures. The \$8,500.00, the sum of the two items, is an expenditure incidental to the sale of the bonds and should be amortized during the life of the bond. The proceeds to be obtained from the sale of the bonds may not be applied to such purposes. However, reports on file with this Commission show that the company has invested in its plant out of earnings an amount in excess of \$8,500.00, for which the company may reimburse its treasury through the sale of bonds. Subject to the modification suggested, I recommend that applicant's request be granted and herewith submit the following form of supplemental order.

FIRST SUPPLEMENTAL ORDER

CONSOLIDATED WATER COMPANY OF POMONA having applied to this Commission for a supplemental order approving its mortgage or deed of trust, marked Exhibit No. 1, to which reference has been made in the foregoing first supplemental opinion; fixing the minimum price at which the bonds may be sold, and specifying the purposes for which the proceeds to be obtained from the sale of the bonds may be used,

and the Commission finding that the purposes for which said company desires to issue said bonds are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Consolidated Water Company of Pomona be given, and it is hereby given, authority to issue \$225,000 face value of six per cent. twenty year bonds at par, less a commission of three per cent.

IT IS HEREBY FURTHER ORDERED that Consolidated Water Company of Pomona be given, and it is hereby given, authority to execute a mortgage or deed of trust substantially in the form and tenor as the mortgage or deed of trust submitted to this Commission in connection with this proceeding and marked Exhibit No. 1.

The authority granted herein is given upon the following conditions and not otherwise:

(I). The proceeds obtained from the sale of the bonds shall be used for the following purposes only:

(a).-- To pay and refund present bonded indebtedness of,	\$175,000.00
(b).-- Note Payable to H.B. Davis,	9,000.00
Note Payable to B.C. Lattin,	24,000.00
Note Payable to Wash Hunt,	3,000.00
Note Payable to Thos. B. Evans,	2,500.00
Note Payable to L.C. Meredith,	3,000.00
(c).-- To reimburse applicant's treasury in the sum of,	8,500.00
Total,	<u>\$225,000.00</u>

- (2).- The approval herein given of said mortgage is for the purpose of this proceeding only, and an approval in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said mortgage as to any other legal requirements to which said mortgage may be subject.
- (3).- The authority herein granted shall not become effective until the payment by applicant of the fee prescribed in Section 57 of the Public Utilities Act, as amended.
- (4).- Consolidated Water Company of Pomona shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the bonds hereby authorized to be issued; and on or before the twenty-fifth day of each month the company shall make verified reports to the Commission stating the sale or sales of said bonds during the preceding month, the terms and conditions of the sale, the moneys realized therefrom and the use and application of such moneys, all in accordance with this Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.
- (5).- The authority herein granted shall apply only to such bonds as may be issued on or before October 1, 1916.

The foregoing First Supplemental Opinion and Order are hereby approved and ordered filed as the First Supplemental Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 24th day of November, 1915.

Railroad Commission State of California

DEC 4 1915

BY W. H. Mainwaring
Assistant Secretary

Wm. J. Jackson
Wm. J. Jackson
Wm. J. Jackson
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Wm. J. Jackson
Commissioners