

Decision No. _____

ORIGINAL

Decision No. 3062

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application of
BIMINI WATER COMPANY
for authority to execute note and
mortgage for \$50,000.

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)
) Application No. 2048.

Porter, Morgan & Parrot,
by Vincent Morgan, for applicant.

BY THE COMMISSION:

O P I N I O N.

BIMINI WATER COMPANY seeks authority of the Railroad Commission to mortgage all of its real estate to secure payment of a note for \$50,000., dated December 20, 1915, payable to Mortgage Guarantee Company, or order, five years after its date, with interest at $6\frac{1}{2}$ per cent per annum; the proceeds to be used to pay note for like amount in favor of John Maxey & Company, bearing interest at the rate of 7 per cent per annum, due January 1, 1916. The money for the new loan is now in escrow, and has been drawing interest since December 20th last, when it was deposited. Application was filed January 12th, early hearing was requested by telegram January 18th, and hearing conducted at Los Angeles January 20th.

Applicant is a California corporation with an authorized capital stock of \$300,000. divided into 3,000 shares of the par value of \$100. each, of which \$244,500 par value is issued and outstanding, and \$55,500 par value remains in the treasury. Among its other activities applicant conducts a hotel, bath house and swimming plunges in connection with mineral

springs upon its property in the western portion of the City of Los Angeles. Applicant's articles of incorporation authorize it to engage in the business of developing, storing and transmitting in pipes, ditches and conduits water for irrigation and domestic purposes.

Its property consists of 33 lots, 32 of which are 50'x150' in size; and the remaining one, upon which the springs, bath house and plunges are located, is about the size of six of said lots. Its buildings consist of a bath house about 245' long by an average width of about 120', two stories in height, constructed of hollow tile and plaster with cement floors and large cement plunges. It was built in 1906 at a claimed cost of \$128,000. The hotel building is 78'x118', two stories high, built with wooden frame, metal lath and plaster, constructed at a stated cost of \$18,000. The total assets of the Company, including the lots, bath house and plunges, engine house, machinery, hotel and furnishings are carried on applicant's books at \$295,500, of which applicant claims a value of \$200,000 for the real estate. No detailed appraisement of the property was offered at the hearing. The above figures do not include anything for the springs or water.

The property is free of incumbrance except for the present mortgage of \$50,000, above referred to, mechanics' liens aggregating about \$400, the validity of which applicant is contesting in the courts, and a street lien of about \$3,200 growing out of the improvement of Vermont Avenue, on which a large part of applicant's property abuts. The street bill has gone to bond under the street law by which it is to be paid by installments extending over a period of 10 years, and bearing interest at 7 per cent per annum. Applicant has agreed with the lender that the proposed note and mortgage is to be taken subject only to said street lien. Separate security has been arranged with the title company so that the mechanics'

liens will be paid or adjudged invalid, leaving the proposed mortgage subject only to the lien of the street bill.

The proceeds of the present note for \$50,000, which applicant wishes to pay from the proceeds of the proposed new note, is invested in the real property of applicant, and represents the balance of the contract price for the construction of its buildings.

As the public interest is not adversely affected, the application should be granted.

O R D E R.

BIMINI WATER COMPANY having applied to the Railroad Commission for an order authorizing it to issue a note in the sum of \$50,000. dated December 20, 1915, payable five years after its date to Mortgage Guarantee Company, or order, and bearing interest at the rate of 6-1/2 per cent per annum, for the purpose of refunding a note for a like amount payable to John Maxey and Company, due January 1, 1916, and bearing interest at the rate of 7 per cent per annum, and a public hearing having been held thereon and the Railroad Commission finding that the proceeds of the note which is now to be refunded were used for purposes not reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that the said application be granted, subject to the following conditions, viz:-

1. Bimini Water Company shall report to the Railroad Commission within ten (10) days after the issue of the promissory note hereby authorized the fact of the issue and the terms thereof.

2. The authority hereby given shall not become effective until the Bimini Water Company shall

have paid the fee specified in the Public Utilities Act.

3. The authority hereby given shall apply to such promissory note as shall be issued on or before March 1, 1916.

Dated at San Francisco, California, this 25th day of January, 1916.

H. H. Boardman
W. G. Boardman

Frank R. Dehn
Commissioners.

Reliance Building, San Francisco
Fee \$50.00
JAN 26 1916
H. G. Matheson
BY Assistant Secretary.