

ORIGINALDecision No. 3207

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application
of UKIAH WATER AND IMPROVEMENT
COMPANY for an order authorizing
an issue of refunding notes.

Application No. 2095.

J. E. Brush for applicant.
Chas. M. Mannon, City Attorney,
for City of Ukiah.

BY THE COMMISSION:

O P I N I O N.

UKIAH WATER AND IMPROVEMENT COMPANY, a corporation, operating a domestic water system in the City of Ukiah, Mendocino County, applies for authority to issue \$43,300. of promissory notes for a period not to exceed three years at a rate of interest not to exceed six per cent per annum for the purpose of refunding notes for a like amount.

Applicant was incorporated July 18, 1892, with an authorized capital stock of \$50,000 divided into 500 shares of the par value of \$100. each, all outstanding. Its property is not encumbered. Its sole indebtedness consists of the \$43,300. of promissory notes shown in the order.

From the beginning applicant has financed its properties by issuing and re-issuing promissory notes from time to time as funds were needed for the development of its business. Its bills payable account has fluctuated almost constantly. It was \$35,000 on January 1, 1893, \$54,000, its highest point, on January 1, 1909, and now stands at \$43,300.

The notes which applicant now desires to refund were given in renewal of other notes. The combined terms of the original notes and the renewal notes are in excess of twelve months. The testimony shows that this violation of the Public Utilities Act, arose through a misunderstanding of its terms.

In 1913, applicant had 563 consumers. It now has approximately 650 consumers.

Following is a comparative statement of applicant's earnings over a four year period as shown by annual reports made to the Commission.

	<u>1912</u>	<u>1913</u>	<u>1914</u>	<u>1915</u>
Operating Revenue	\$10,550.80	\$10,310.25	\$10,307.24	\$10,229.00
Operating Expense	5,486.11	6,173.42	6,133.16	5,296.45
Net Op. Revenue	<u>5,064.69</u>	<u>4,136.83</u>	<u>4,174.08</u>	<u>4,932.55</u>
Non-Operating Revenue	158.65	-	-	-
Gross Income	5,223.34	4,136.83	4,174.08	4,932.55
<u>Deductions:</u>				
Interest	4,117.00	4,385.50	3,153.50	2,921.00
Other Deductions	-	-	1,290.00	1,840.00
Total Deductions	<u>4,117.00</u>	<u>4,385.50</u>	<u>4,443.50</u>	<u>4,761.00</u>
Surplus for Year	1,106.24	248.57*	269.42*	171.55

*Loss.

Applicant's balance sheet as shown by its report to the Commission dated December 31, 1915 is as follows:-

Assets:

Fixed Capital	\$ 98,020.00
Cash	<u>659.09</u>
Total	98,679.09

Liabilities:

Capital Stock	\$ 50,000.00
Notes payable	43,300.00
Miscellaneous	<u>5,379.09</u>
Total	\$ 98,679.09

While certain adjustments should be made in these reports it does not appear that they are of sufficient importance to impair the showing of net earnings herein made.

Applicant's inventory of its properties exclusive of franchises shows a purported value of \$86,671.00.

O R D E R.

UKIAH WATER & IMPROVEMENT COMPANY having applied to the Railroad Commission for authority to issue \$43,300 of promissory notes for a period not to exceed three years at a rate of interest not to exceed 6% per annum, and a public hearing having been held thereon and the Commission finding that the promissory notes which applicant desires to refund were issued for purposes not in whole or in part reasonably chargeable to operating expenses or to income.

IT IS HEREBY ORDERED that Ukiah Water & Improvement Company be and it is hereby authorized to issue and re-issue from time to time \$43,300 of promissory notes for a period or periods not exceeding three years in the aggregate at a rate of interest not exceeding 6% per annum for the purpose of refunding the following notes now outstanding:

<u>Date</u>	<u>Amount</u>	<u>Maturity</u>	<u>Rate</u>	<u>Payable to</u>
December 31, 1912	\$3,050	December 31, 1913	6%	J. H. Brush
December 31, 1912	5,000	December 31, 1913	6%	Avery Brush
July 1, 1913	10,000	July 1, 1914	6%	J. H. Brush
January 1, 1914	19,000	January 1, 1915	7%	Santa Rosa Nat'l Bank
July 27, 1914	1,250	July 27, 1915	6%	Bank of Cloverdale
January 6, 1915	<u>5,000</u>	January 6, 1916	6%	Analy Savings Bank

\$43,300.

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

1. The notes herein authorized shall be issued so as to net applicant not less than the face value thereof.

2. Ukiah Water and Improvement Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the notes herein 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 notes 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.

3. This application is conditioned upon the payment of the fee prescribed in the Public Utilities Act as amended.

4. The authority herein given shall apply only to such notes as shall have been issued on or before December 31, 1916.

Dated at San Francisco, California, this 29th day of March, 1916.



Max Thelen
H. B. Portland
W. G. Gordon
Commissioners.