

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application)
of OCEAN PARK WATER COMPANY)
for an order authorizing the)
issue of bonds of the face)
value of \$5,000.00.)

ORIGINAL
Application No. 2211.

Decision No. 3269

E. J. Vawter, Jr. for applicant.

THELLEN, Commissioner.

O P I N I O N.

This is an application for an order authorizing the issue of bonds of Ocean Park Water Company of the face value of \$5,000.00, secured by deed of trust or mortgage to Title Guarantee and Trust Company of Los Angeles.

Petitioner is engaged in selling water for domestic and other purposes in portions of Santa Monica and Venice. It has an authorized issue of capital stock of the aggregate par value of \$100,000.00 all issued. It has an authorized issue of first mortgage bonds of the face value of \$100,000.00, payable on July 1, 1946 and bearing interest at the rate of 6 per cent per annum. Of the bonds so authorized, bonds of the face value of \$50,000.00 have been issued. Petitioner owes \$3000.00, payable April 23, 1916, on a purchase money mortgage on its Rose Street pumping plant, about \$500.00 on current expenses and \$130.00 on accrued taxes. Reference is hereby made for a general discussion of this company's property and business to this Commission's Decision No. 2549 in Application No. 1561 (Vol. 7, Opinions and Orders of the Railroad Commission of California, p. 473); in which proceeding this Commission found that the value of the company's property for the purpose of acquisition by the City of Santa Monica was \$77,500.00.

Petitioner now desires to sell five bonds, of the face value of \$1,000.00 each, at not less than 87 1/2 per cent of face value, and to use the proceeds as follows:

To take up purchase money mortgage on Rose Street pumping plant	\$3000.00
To reimburse the treasury for moneys expended in 1915 from income for capital account	<u>1375.00</u>
	\$4375.00

The Rose Street pumping plant mortgage now bears interest at the rate of 8 per cent per annum. During 1915, petitioner expended from income \$2300.47 on permanent improvements, consisting principally of 107 meters installed under order of this Commission at a cost of \$1086.05 and a 6 inch pipe line on Strand Street in Santa Monica. If petitioner sells the bonds for which authority is now requested, it will be able to meet certain current expenses and also install over 70 additional meters. Petitioner now has a waiting list of over 50 consumers who have asked for the installation of meters under this Commission's order in Case No. 703, Shelley vs. Ocean Park Water Company (Vol. 7, Opinions and Orders of the Railroad Commission of California, p. 431).

If petitioner finds it desirable to do so, it may hereafter apply for authority to hypothecate these five bonds to secure the payment of promissory notes for the purposes herein specified, if it finds such procedure more advantageous than the sale of the bonds.

I submit the following form of order:

O R D E R.

OCEAN PARK WATER COMPANY having applied for an order authorizing the issue of five of its 6 per cent bonds of the face value of \$1,000.00 each, being bonds numbered 51 to 55, inclusive, secured by deed of trust or mortgage to Title Guarantee and Trust

Company, for the purposes hereinafter specified, and a public hearing having been held on said application, and the Railroad Commission finding that the purposes for which the proceeds of said bonds are to be used are not, in whole or in part, reasonably chargeable to operating expenses or to income.

IT IS HEREBY ORDERED that Ocean Park Water Company be and the same is hereby authorized to issue five of its six per cent first mortgage bonds of the face value of \$1,000.00 each, being bonds numbered 51 to 55, inclusive, secured by deed of trust or mortgage to Title Guarantee and Trust Company of Los Angeles, on the following conditions and not otherwise, to-wit:

1. Ocean Park Water Company shall sell said bonds so as to net not less than 87 1/2 per cent of their face value plus accrued interest.

2. Ocean Park Water Company shall use the proceeds from the sale of said bonds only for the following purposes:

(a) To take up purchase money mortgage on Rose Street pumping plant, not to exceed \$3,000.00

(b) To reimburse Ocean Park Water Company for moneys actually expended from income in 1915 for the purposes specified in the opinion which precedes this order, not to exceed \$1,375.00

3. Ocean Park Water Company 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 a verified report 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.

4. The authority herein granted shall not become effective until Ocean Park Water Company has paid the fee specified in the Public Utilities Act.

5. The authority hereby granted shall apply only to such bonds as shall be issued prior to October 1, 1916.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 21st day of April, 1916.

Max Wheeler
H. D. ...
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Commissioners.