

Decision No. _____

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application
of SANTA PAULA WATER WORKS for an
order authorizing the issue of cer-
tain promissory notes.

)
) Application No. 2454.
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C. C. Teague for applicant.

BY THE COMMISSION:

O P I N I O N.

Applicant seeks authority to issue its five promissory notes for Two Thousand (2000) Dollars each, the proceeds to be used to replace distributing mains underlying certain streets of Santa Paula about to be paved.

Applicant was incorporated November 9, 1891, with a capital stock of One Hundred and Fifty Thousand (150,000) Dollars, divided into fifteen hundred (1500) shares of the par value of One Hundred (100) Dollars each. It has paid dividends of four and one-half (4½) percent per annum since 1907. For the first sixteen years it paid no dividends. The Thermal Belt Water Company owns nine-tenths of its capital stock and the Fernald Estate owns the remainder. Both companies are under

the same management.

On December 31, 1915 applicant reported assets and liabilities as follows:

Resources:

Water Plant	\$ 65000.00
Intangible Capital	70597.10
Shop	86.95
Collecting Aqueducts, Mains & Ditches	26151.50
Alexander Tract	998.20
Distributing Mains	12849.62
Echo Fall Tract	497.00
Reservoir Fence	553.42
Horse, one half of value	36.13
Mill Plant	410.00
Consumer's Book	663.95
Cash on Hand	1546.29
Tools & Implements	218.16
Horsefeed	24.00
Supplies	454.95
Bills Receivable	8808.19
Harness	15.60
S. P. Hotel Company stock	1300.00
Accounts Receivable	<u>2143.57</u>
Total	197467.13

Liabilities:

Capital Stock	150000.00
Surplus	37231.15
Bills Payable	
Reserve for accrued depreciation	8078.19
Accounts Payable	<u>2157.79</u>
Total	\$ 197467.13

Its statement of profit and loss for the same period follows:

Received from:

Commercial sales, metered	\$ 9761.22
Commercial sales, flat	1554.90
Industrial sales, metered	531.50
Industrial sales, flat	937.00
Sales Municipal Departments	312.00
Street Sprinkling	544.16
Irrigating Sales	3761.95
Interest Received	<u>352.50</u> \$17555.23

Brought Forward	\$17555.23
Items of Expense, Depreciation and Loss:	

Distribution Expense, cost for 1915	\$1266.26	
Taxes, cost for 1915	1643.59	
Irrigating Sales Expense, cost for 1915	70.61	
Repairs to Collecting Aqueducts, Mains and Ditches	412.90	
Collections and Meter Readings	607.54	
Repairs to Distributing Mains	597.34	
Meter Repairs for 1915	82.59	
Superintendence for 1915	70.95	
Supplies, loss during 1915	284.07	
Care & Repair, cost for 1915	51.86	
Horsefeed, cost for 1915	66.10	
Tools & Implements, 20% depreciation	54.54	
General Expense, salaries, office rent phone, etc.	1452.33	
Horse Account, 15% depreciation	6.37	
Reservoir Expense, cost for 1915	87.26	
Meters, 10% depreciation	902.21	
Reserve for Accrued Depreciation	2165.65	\$9822.37

Net Gain for 1915	\$7732.86
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Applicant diverts water from Santa Paula Creek by means of a concrete dam located about two miles from Santa Paula. From there it is conveyed through a concrete conduit for about a half mile down the stream, then through a twenty-four inch vitrified pipe for about a half mile, and for the remaining mile through a twenty concrete pipe to its 3,000,000 gallon concrete lined reservoir, from which it is distributed through the city to about 659 metered consumers, and about 97 consumers on flat rates. All of its domestic service is metered. It also serves about 125 acres in Santa Paula Canyon with irrigation water. After supplying its customers mentioned above, the surplus is delivered to the Thermal Belt Water Company under contract. It also has an arrangement by which the Thermal Belt Water Company pumps water to its reservoir in case of necessity.

Applicant plans to install cast-iron mains under all of the streets to be paved and connect each lot by

suitable service pipes to the property line. Most of the material has been purchased and some of it installed. Applicant estimates the total cost of the new installation at \$22,803.79. The applicant's estimate of the original cost of that part of the riveted steel pipe to be replaced by cast iron amounts to \$4872.70. The estimated increase in cost on account of this installation will be therefore \$17,930.99.

Applicant presented detailed estimates of the cost of labor and material for installing the mains in question. The Commission's engineer checked the estimates and invoices and reports the estimated costs as being reasonable.

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A portion of the necessary expenditure has been met by funds in the treasury of the company and the ~~purchase~~ ^{sale} of an \$8600 note and the remainder will be provided for if this application is granted.

O R D E R.

SANTA PAULA WATER WORKS, a public utility corporation, having applied to the Railroad Commission for authority to issue its promissory notes for the aggregate sum of \$10,000 with interest at a rate not exceeding 7 per cent per annum, and a public hearing having been held thereon and it appearing that the purposes for which applicant wishes to use the proceeds of said notes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Santa Paula Water Works be and it is hereby authorized and empowered to issue and sell for cash at not less than the face value thereof, five promissory notes for \$2,000 each with interest at a rate not exceeding 7 per cent per annum, said five notes to mature serially on January 1st of the years 1918, 1919, 1920, 1921 and 1922 respectively; the proceeds of the sale of said notes to be applied for the construction, completion, extension or improvement of its mains and services, or for the reimbursement of its treasury for moneys heretofore actually expended for purposes described herein or in the opinion preceding this order.

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

1. The authority herein granted shall not be considered or treated in any proceedings before this Commission or before any other tribunal as a finding by this Commission of the value of the property of applicant for any purposes other than that of the present application.

2. Santa Paula Water Works shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the notes 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 notes during the preceding months, 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. The authority hereby granted shall apply only to such notes as may be issued and sold on or before November 1, 1916.

4. The authority hereby granted shall not become effective until applicant shall have paid the fee specified in the Public Utilities Act.

Dated at San Francisco, California, this *31st*
day of *August* 1916.

Max Thelen

H. H. K. K. K.

W. H. Gordon

Edwin A. Edgerton

Commissioners.

Public Utilities Commission, State of California

Fee \$25.00

SEP 5 1916

H. H. K. K. K.
ADMINISTRATIVE ASSISTANT