

ORIGINAL

Decision No. 404

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BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of)
Antelope Creek and Red Bluff Water) Application No. 303.
Company for order authorizing issue)
of notes.)

Elliot McAllister for applicant.

O P I N I O N

Gordon, Commissioner.

This is an application by the Antelope Creek and Red Bluff Water Company for an order of this Commission authorizing applicant to issue its promissory notes to the aggregate amount of Fifteen Thousand (\$15,000) Dollars.

Applicant was incorporated in April, 1888, and since that time has been engaged in supplying water in the City of Red Bluff.

At the hearing upon this application, applicant filed an inventory of its property, which inventory amounted to One Hundred and Thirty-four Thousand Two Hundred and Ninety (\$134,290) Dollars. This amount, however, includes an item of Twenty Thousand Seven Hundred and Forty-four (\$20,744) Dollars for water rights and an item of Seven Thousand Five Hundred (\$7,500) Dollars representing the going value of the company. Subtracting these items from the total amount of the inventory it leaves the actual physical valuation of the property, according to this inventory, at One Hundred and Two Thousand and Forty-six (\$102,046) Dollars. The Commission has not investigated the plant of applicant, but I find no need to question this physical valuation, as it is far in excess of the indebtedness which it is intended to secure.

At the present time, applicant has an outstanding bonded indebtedness of Eight Thousand (\$8,000) Dollars, which, together with a promissory note of Three Thousand (\$3,000) Dollars, payable to the Bank of Tehama County, makes the total present indebtedness of the company Eleven Thousand (\$11,000) Dollars.

During the past five years, applicant has made certain extensions and improvements in its system as follows:

Meters -----	\$ 1,691.15
Distributing System -----	2,512.15
Pumping:	
Electric pump -----	\$6,396.00
Pit -----	454.00
2 Wells and suction -----	3,598.00
Pump house -----	447.00
	<u>10,845.00</u>
	\$15,048.30

Twelve Thousand and Forty-eight and 30/100 (\$12,048.30) of this amount was paid by applicant out of its income. The remaining Three Thousand (\$3,000) Dollars was borrowed from the Bank of Tehama County, applicant giving to the Bank of Tehama County its promissory note for this amount.

Applicant now desires to issue its promissory notes to the aggregate amount of Fifteen Thousand (\$15,000) Dollars, under section 52 of the Public Utilities Act. Applicant desires to use Three Thousand (\$3,000) Dollars of the money so obtained to pay off the above-mentioned promissory note which applicant has given to the Bank of Tehama County. The remainder of the proceeds of the notes which applicant desires to issue, are to be used to reimburse the treasury of applicant for moneys actually expended from income during the past five years for the extensions and improvements above mentioned. In coming to my conclusions upon this application, I have taken into account both the valuation of applicant's plant and depreciation of the same.

I find that the moneys to be derived from the notes which applicant desires to issue are not reasonably chargeable to

operating expenses or to income, and that the moneys are reasonably necessary to carry out the purposes of applicant. I recommend, therefore, that the application be granted, subject to the express conditions precedent hereinafter in the order specified.

I submit herewith the following form of order.

O R D E R

Antelope Creek and Red Bluff Water Company having applied to this Commission for an order permitting applicant to issue notes to the aggregate amount of Fifteen Thousand (\$15,000) Dollars, and a public hearing having been duly held thereon,

IT IS HEREBY ORDERED that applicant be and it hereby is authorized to issue its promissory notes to the aggregate amount of Fifteen Thousand (\$15,000) Dollars upon the following conditions and not otherwise, to-wit:

1. Applicant shall issue the notes herein authorized so as to net applicant the face value thereof.
2. Applicant shall issue the notes herein authorized at a rate of interest not to exceed 6 per cent ^{per annum} and for a term not exceeding 5 years.
3. With the proceeds derived from the notes herein authorized, applicant shall liquidate its promissory note for Three Thousand (\$3,000) Dollars, payable to the Bank of Tehama County, and applicant shall use the remainder of the proceeds derived from the notes herein authorized, to reimburse the treasury of applicant for moneys actually expended from income for extensions and improvements to applicant's plant, as set forth in the application in this proceeding.
4. Applicant herein shall keep separate and accurate accounts showing the receipt and disbursement in detail of the proceeds from the sale of the notes herein authorized to be issued and shall on or about the 25th day of each

month make verified reports to this Commission, stating in detail such receipt and disposition of the proceeds of the notes herein authorized all in accordance with the provisions of 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 to issue notes shall not extend beyond June 1, 1913.

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 8th day of January, 1913.



John M. Eschleman
H. B. Loveland
W. B. Gordon
Max Thelen
Edwin C. Edgerton

Commissioners.