

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application)
of PORT COSTA WATER COMPANY for)
an order authorizing it to renew) Application No. 3039.
notes. }

Goodfellow, Eels, Moore & Orrick by
W. H. Orrick for applicant.

BY THE COMMISSION.

O P I N I O N

Port Costa Water Company seeks authority to join with Port Costa Development Company and Mt. Diablo Development Company in the execution and delivery of a note for \$385,000 payable to The German Savings & Loan Society, six years after date, with interest at the rate of 6% per annum, the payment of which is to be secured by a deed of trust in substantially the same form as Exhibit "A" attached to the application.

Application was filed July 17th and a hearing was conducted by Examiner Westover July 23d. Port Costa Water Company was organized in 1898. It has an authorized capital stock of \$500,000, all of which is outstanding. It has no bonded indebtedness. On December 31, 1916, it reported notes payable \$210,436.66, including \$201,436.66, hereinafter referred to, and accounts payable \$16,122.27. For the year ending December 31, 1916, the company reports gross earnings \$79,514.93, operating expenses \$34,703.31, interest and other fixed charges \$16,791.22, leaving a surplus of \$28,020.40.

Applicant is a public utility engaged in the

business of supplying water in and about Port Costa, Concord, Martinez, Crockett and other communities in Contra Costa County for domestic purposes, and also to numerous large manufacturing plants in the vicinity.

Among other properties which it uses in its business is about 2800 acres of land belonging to Mt. Diablo Development Company forming a watershed from which water is gathered into applicant's reservoirs. This tract is valued by applicant at \$50 per acre or about \$140,000. Applicant's own properties it roughly values at \$600,000. All of the property of applicant and of Mt. Diablo Development Company are to be covered by the proposed deed of trust. The property of Port Costa Development Company, located in Port Costa and in Contra Costa, Alameda, Fresno and Kern Counties is valued by applicant at \$280,000, all but about \$30,000 worth of which is to be covered by the proposed deed of trust.

Of the proceeds of said loan applicant proposes to use \$335,000 to pay two notes for \$325,000 and \$10,000 respectively, both due July 28, 1913, being executed by applicant and said Port Costa Development Company and Mt. Diablo Development Company, payable to The German Savings & Loan Society or order, secured by deed of trust on the same property.

Of the proceeds of the two notes aggregating \$335,000, the Mt. Diablo Development Company received \$39,000, the Port Costa Development Company received \$94,563.34, and applicant received \$201,436.66. It is proposed that Mt. Diablo Development Company shall receive the \$50,000 total increase in the proposed loan. The \$50,000 is to be used by Mt. Diablo Development Company to pay its note to the Bank of California for \$26,500, and to pay to applicant \$23,500 on open account

due to it.

The three parties each propose to pay their respective shares of the interest upon the portions of the loan received by each, which course has been followed by them in the past in reference to the present loans. The same interests are shown to own all of the stock of the three companies referred to. The bank is unwilling to make three separate loans to the respective parties, but requires the joint obligations of all three in one loan, as it did in the case of the present loans.

The evidence shows that all of the \$201,436.66 received by applicant from the original loan was devoted by it to the purchase of lands near Galindo, to sinking wells and building its main pumping plant and 18 inch transmission line to Martinez, a distance of some 5 to 5½ miles.

The bank has satisfied itself of the value of the property, and as the original loan was made before the Public Utilities Act became effective, it seems unnecessary under the circumstances for the Commission to make an investigation as to value.

O R D E R

PORT COSTA WATER COMPANY having applied to the Railroad Commission for authority to issue a note for \$385,000, and to execute and deliver a deed of trust covering all of its property to secure the payment thereof, and a public hearing having been held upon said application,

IT IS HEREBY ORDERED that Port Costa Water Company be and it is hereby authorized and empowered to join with Port Costa Development Company and Mt. Diablo Development Company in the execution and delivery of note for \$385,000 payable

to The German Savings & Loan Society or order six years after its date with interest at the rate of 6% per annum, and to execute and deliver deed of trust in substantially the same form as the form of deed of trust attached to the application and marked Exhibit "A".

This order is made upon the following conditions:

1. Nothing herein contained shall be construed as a finding of value of applicant's property for any purpose other than that of the present application.

2. The approval herein given of said deed of trust is for the purpose of this proceeding only and an approval in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said deed of trust as to other legal requirements to which said deed of trust may be subject.

3. The authority herein granted shall extend only to such note or deed of trust as shall have been executed within thirty (30) days from date hereof.

4. Within twenty (20) days after the execution and delivery of said note and deed of trust, applicant shall make verified report in writing to the Railroad Commission of the fact and date of execution and delivery of said note and deed of trust, and of the disposition of the proceeds arising therefrom and shall supply the Commission with copy of each of said documents as finally executed.

5. This authority to issue note shall not become effective until the fee specified in the Public Utilities Act therefor shall have been paid.

Dated at San Francisco, California, this

27th day of July, 1917.

See # 385100
JUL 28 1917
A. M. Mackay
BY _____
Assistant Secretary

Mar. Thelen
A. D. K. K. K.
Edwin C. Egerton

COMMISSIONERS.