

ORIGINAL

MM

Decision No. 6941

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
PORT COSTA WATER COMPANY, a corpora-  
tion, for permission to borrow money  
and issue its promissory note there-  
for payable more than one year after  
date, from San Francisco Savings and  
Loan Society, a banking corporation;  
and to make, execute and deliver for  
the benefit of said banking corpora-  
tion a deed of trust upon its proper-  
ties, together with the properties  
of Port Costa Development Company, a  
corporation, and Mt. Diablo Develop-  
ment Company, a corporation, securing  
the payment of said note.

Application No. 5145.

A. E. Shaw, for applicant.  
Goodfellow, Bells, Moore & Orrick, by H. Goodfellow,  
for San Francisco Savings and Loan Society.

DEVLIN, Commissioner.

O P I N I O N

Port Costa Water Company asks permission to join  
with Port Costa Development Company and Mt. Diablo Development  
Company in the issue to San Francisco Savings and Loan Society its  
6 per cent \$100,000.00 note, payable July 27, 1923, and in the exe-  
cution of a deed of trust to secure the payment of the note.

It appears from the record that applicant's present  
pipe line from Martinez westward is inadequate to convey sufficient

water to meet the requirements of the consumers of the towns of Port Costa, Crockett, Tormey and Rodeo, and the industrial and manufacturing concerns situate along the Straits of Carquinez and on the shores of San Pablo Bay receiving water from the company.

Mr. E. H. Shibley testified that the company's pipe line westward from Martinez had deteriorated to such an extent that it was impractical to repair the same and even if the pipe line could be repaired, its capacity was too small. It has therefore been decided to install an entirely new pipe line, consisting of 4,000 feet of 18 inch cast iron pipe, 15,000 feet of 16 inch cast iron pipe and 8,400 feet of 12 inch cast iron pipe. The total cost of the pipe, its installation and expenses incidental thereto is estimated at \$133,615.00. To pay part of this cost, Port Costa Water Company asks permission to join with Port Costa Development Company and Mt. Diablo Development Company in the execution of the \$100,000.00 note and deed of trust. The entire sum, \$100,000.00, realized through the issue of the note and execution of the deed of trust will be delivered to the Port Costa Water Company and used by it to pay in part the cost of acquiring and installing the pipe line.

The testimony of Mr. E. H. Shibley further shows that the appraisal of the properties of Port Costa Water Company recently filed with the Commission in connection with a rate proceeding, now pending before the Commission, includes only a nominal sum for the pipe line now in service and which is to be replaced by the new pipe line.

Port Costa Water Company has no bonded indebtedness. Pursuant to Decision Number 4484, dated July 27, 1917, Port Costa Water Company, Port Costa Development Company and Mt. Diablo Development Company issued a \$385,000.00 6 per cent note, payable July 27,

1923.

The borrowing corporations, it appears, agreed among themselves that each should be liable for the following amounts:-

Port Costa Water Company .....	\$201,436.66
Port Costa Development Company .....	94,563.34
Mt. Diablo Development Company .....	89,000.00

The record shows that the Port Costa Water Company has paid \$34,074.43 of its share of indebtedness, leaving \$167,362.13 still due. The other indebtedness of Port Costa Water Company is reported at \$88,758.04, consisting of \$12,250.00 of notes payable to Bank of California, N. A.; \$60,508.04 payable to G. W. McNear, Inc., and \$16,000.00 to G. W. McNear. Some of this indebtedness represents moneys advanced to build the new pipe line and will be refunded through the issue of the \$100,000.00 note.

G. W. McNear, President of Port Costa Water Company, testified that the company had never paid any dividends and that all of its surplus earnings had been invested in plant. As of December 31, 1918, the books of the company show a reserve for accrued depreciation of \$12,033.38 and a corporate surplus of \$59,683.43, all of which, according to the testimony, has been used to pay for the construction of improvements, extensions, additions and betterments to the water company's plant.

The record shows that neither Port Costa Development Company nor Mt. Diablo Development Company are engaged in any public utility business, and it is therefore not necessary for them to obtain from this Commission permission to join either in the execution of the deed of trust or the issue of the note.

I herewith submit the following form of Order:-

O R D E R

PORT COSTA WATER COMPANY having applied to the Railroad Commission for permission to issue a note and execute a deed of trust in conjunction with Port Costa Development Company and Mt. Diablo Development Company, a public hearing having been held, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes specified in this Order, and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that Port Costa Water Company be, and it is hereby, authorized to join with Port Costa Development Company and Mt. Diablo Development Company in the execution of a deed of trust substantially in the same form as the deed of trust attached to the petition herein and marked Exhibit "C".

IT IS HEREBY FURTHER ORDERED that Port Costa Water Company be, and it is hereby, granted authority to join with Port Costa Development Company and Mt. Diablo Development Company in the issue of a note secured by the aforesaid deed of trust for the principal sum of \$100,000.00, payable on July 27, 1923, with interest at the rate of 6 per cent per annum.

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

1.-The note herein authorized shall be issued at such a price as will net applicant not less than the face value thereof and the proceeds shall be used to pay in part for the construction and installation of the pipe line referred to in the petition herein or to pay indebtedness incurred for the purpose of paying for such construction and installation.

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 such other legal requirements to which said deed of trust may be subject.

3.-Port Costa Water Company shall keep such record of the issue of the note herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad 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 will not become effective until Port Costa Water Company has paid the fee prescribed in the Public Utilities Act.

5.-The authority herein granted will apply only to such note and to such deed of trust as may be issued and executed on or before March 1, 1920.

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 13<sup>th</sup> day of December, 1919.

Fee \$100.00  
DEC 15 1919  
H. G. MacArthur  
Assistant Secretary

H. L. Loveland  
Frank R. Nelson  
Dwight Martin

Commissioners.