

Decision No. 2278BEFORE THE RAILROAD COMMISSION  
OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application )  
of HAINES CANYON WATER COMPANY )  
for authority to create a bonded )  
indebtedness. )

Application  
Number 5219.

R. T. Quinn, for applicant.

BRUNDIGE, Commissioner.

O P I N I O N

In this application, as amended, Haines Canyon Water Company asks permission to execute a Trust Deed to secure the payment of \$30,000. of 10 year 7% bonds and issue said bonds.

Applicant reports that pursuant to authority granted in Decision No. 5687 dated November 1, 1918 in Application No. 4038, it acquired from Western Empire Suburban Farms Association, a corporation, the properties described in that decision. In the decision to which reference has been made, it appears that the engineering department of the Commission found the cost of the operative properties as of 1916 to be \$44,255. and the cost of the nonoperative water properties \$68,562., making a total of \$112,817. for the entire properties. Applicant, in its Exhibit No. 2 reports 524 services installed.

The testimony of H. B. Lynch, consulting engineer, shows that applicant has an ample water supply, but that its pumping, storage and transmission facilities are inadequate. In applicant's Exhibit No. 1 he reports that the company has two available sources of water; gravity water from Haines Canyon and Blanchard Canyon; and underground water, which is the principal source of supply during the summer; that the present development consists of a gravity intake in Haines Canyon, together with one in Blanchard Canyon, which delivers water into an unlined earthen reservoir of about 750,000 gallons capacity, located near the mouth of Haines Canyon at an elevation of 2,070 feet; and that at an elevation of 1800 feet on Los Angeles Street is located a small concrete reservoir holding about 40,000 gallons, which is connected with the pumping plant at the present well, with about 6,600 feet 10 inch rivetted steel pipe.

E. B. Lynch believes that by dividing applicant's water system into three lifts instead of two, many of the difficulties which are now encountered in operating this water system will be avoided. He recommends that reservoirs be installed on Summit Ave.; one at about the 1700 foot level and one at about the 1940 foot level; both of which are to be operated, together with the company's present reservoir at the 2,070 foot level. He also recommends certain other improvements, the total cost of which improvements, including the reservoirs, he estimates at \$16,226.50. This amount is made up of the following items:-

Cleaning well . . . . .	\$200.00
Cleaning 2070 foot reservoir . . . . .	200.00
Reservoir site at 1700 foot level . . . . .	500.00
Reservoir site at 1940 foot level . . . . .	500.00
Reservoir at 1700 foot level . . . . .	2,500.00
Reservoir at 1940 foot level . . . . .	2,500.00
Re-cutting lines . . . . .	100.00
Terminating 10" line at 1700 foot level . . . . .	70.00
Taking up 10" line . . . . .	470.00
Re-dipping and re-laying 10" line on Summit Ave . . . . .	600.00
Purchasing 1350 ft. 10 inch 12 gauge pipe . . . . .	1,688.00
Fillings, transportation and laying 10" pipe . . . . .	532.00
Cut in present lines to 10" line . . . . .	100.00
Build pump building . . . . .	1,000.00
Moving and installing plunger pump . . . . .	500.00
New motor . . . . .	908.00
New pump . . . . .	1,400.00
Installing motor and pump . . . . .	342.00
	<hr/>
Total . . . . .	\$ 14,110.00
Engineering, Superintendence & Incidentals 15% . . . . .	<u>2,116.50</u>
Total . . . . .	<u>\$ 16,226.50</u>

Applicant reports that on April 16, 1919 it issued to First National Bank of Los Angeles its note for \$2500.00 and that on November 6, 1919 it issued to David Black its note for \$3900.00. The moneys obtained through the issue of these notes was used, according to the testimony, to pay \$1,725.00 of outstanding notes and pay for necessary improvements. Applicant asks that it be permitted to use part of the proceeds obtained from the sale of bonds to pay the two notes referred to above and pay for the improvements recommended by H. B. Lynch. The total of the notes outstanding and the cost of the improvements amounts to \$22,626.50.

In this application, as originally filed, applicant asked authority to execute a mortgage securing payment of \$50,000.00 of bonds. In a communication of March 10th applicant advised the Commission that a bond issue of \$50,000.00 would be sufficient. If the bonds are sold at 90, applicant will realize from the sale thereof \$27,000.00, or \$4,373.50 more than the estimated cost of the improvements and outstand-

ing notes. While the order herein will permit applicant to sell the \$30,000.00 of bonds, it contains a provision that only \$2,626.50 of the proceeds may be expended at this time and that such expenditures can only be made for the purpose of paying notes and for constructing the improvements referred to in applicant's Exhibit No. 1.

Applicant on March 12th filed with the Railroad Commission a revised copy of its proposed Trust Deed which it intends to execute to Title Insurance and Trust Company to secure the payment of the \$30,000. ten year 7 percent. bonds.

I herewith submit the following form of Order:

#### ORDER

HAINES CANYON WATER COMPANY, having applied to the Railroad Commission for permission to execute a Trust Deed, and issue \$30,000.00 of bonds, a public hearing having been held and the Railroad Commission being of the opinion that the money, property and labor to be procured or paid for by such issue to the extent indicated in the foregoing opinion is reasonably required by applicant, and that the expenditures are not in whole or in part reasonably chargeable to operating expenses or to income:

IT IS HEREBY ORDERED that Haines Canyon Water Company be and it is hereby authorized to execute a Trust Deed substantially in the same form as the Trust Deed filed with this Commission on March 12, 1920:

IT IS HEREBY FURTHER ORDERED that Haines Canyon Water Company be, and it is hereby, authorized to issue not exceeding \$30,000.00 face value of 10 year 7% bonds, payment of such

bonds to be secured by the Trust Deed which applicant is herein authorized to execute.

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

1. The bonds herein authorized to be issued shall be sold by applicant for cash at not less than 90% of their face value.

2. All proceeds obtained from the sale of the bonds shall be deposited with some bank or trust company in a special fund. Of the proceeds, not exceeding \$16,226.50 may be used by applicant to pay for the improvements set forth in applicant's Exhibit No. 1 and referred to in the foregoing opinion; not exceeding \$6,400.00 to pay the notes referred to in the petition; and the remainder <sup>withdrawn and</sup> expended only for such purposes as the Railroad Commission may authorize in a supplemental order or orders herein.

3. The approval herein given of said Trust Deed 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 Trust Deed as to such other legal requirements to which said Trust Deed may be subject.

4. Haines Canyon Water Company shall keep such record of the issue and sale of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th 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.

5. The authority herein granted will not become effective until applicant has paid the fee prescribed in the Public Utilities Act.

6. The authority herein granted will apply only to such bonds as may be issued and sold on or before August 31, 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 this 17 day of March, 1920.

RECEIVED  
MAR 21 1919  
H. M. Mackinson  
SECRETARY

Edwin O. Edgerton

H. D. Loveland

Frank R. Kellogg

H. R. Brundage

Irving Martin

Commissioners.