

ORIGINAL

Decision No. 7480

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application
of CATHERINE A. BROOKS, owner of
Laguna Heights Water System, for
an order authorizing the issuance
of a note and mortgage for
\$20,000.00.

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) Application No. 5353.
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Scarborough, Forgy & Reinhaus by
S. M. Reinhaus for applicant.

BY THE COMMISSION:

O P I N I O N.

Catherine A. Brooks, engaged in the business of supplying domestic water in and about Laguna Beach, Orange County, applies for authority to issue note for \$20,000 and execute mortgage upon her public utility property.

A public hearing upon the application was held by Examiner Westover at Los Angeles.

Applicant reports total investment in the property in question of \$56,354.87, with an indebtedness on account of the water system of \$3000 secured by mortgage on water bearing lands recently acquired and \$3000 in unsecured notes. The proceeds of the proposed loan, for which arrangement has already been made, are to be used in improvements to the system estimated to cost about \$20,400. Of this it is estimated that about \$10,700 would be required

in installing about 17,000 feet of transmission mains between two storage tanks and Laguna Beach. It is planned to do this work at once to prepare for the demand for increased service during the summer season. The need for increased facilities is shown by the fact that in 1918 applicant reported 120 consumers, in 1919-315 consumers, and at the hearing showed 20 new applications for service on hand and that about 75 to 80 were expected by the beginning of the summer resort season. Applicant also wishes to be in a position to serve irrigation water for small acreage tracts in the vicinity, for which it reports considerable demand.

The remaining betterments include improvements to reservoir, relaying and extending certain lines, drilling additional well and constructing a standby pumping plant, all to be installed during the next one and one-half or two years. Until the delayed improvements are installed interest upon that portion of the loan to be used for installing them should not be charged against the water system.

Applicant wishes to temporarily use for private purposes that portion of the proceeds of the loan not at present needed and subsequently install the further improvements when needed, which she appears to be financially able to do, but in view of the provisions of the Public Utilities Act the Commission must require the proceeds of loans on property dedicated to public use to be used exclusively for the purposes of the utility.

O R D E R

CATHERINE A. BROOKS having applied to the Railroad Commission for permission to issue a note and execute a mortgage, a public hearing having been held, and it appearing to the Railroad Commission 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 the 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 Catherine A. Brooks
be and she is hereby granted authority to execute a mortgage
upon her public utility property described in the form of
mortgage attached to the application herein marked Exhibit
"C" to secure the payment of her promissory note in an amount
not exceeding \$11,000 with interest at 7% per annum and future
advances not exceeding \$9,000 with interest not exceeding 7%,
the proceeds of said loan in an amount not exceeding \$11,000
to be used for the purpose of installing transmission mains,
connecting her storage tanks and Laguna Beach, the remainder
of said loan to be hereafter advanced to be used for improve-
ments in said system to be described in supplemental order to
be hereafter entered when said further improvements are needed.

The authority herein granted is upon the following
conditions:

1. The approval herein given of said mortgage 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 mortgage as to other legal requirements to which said

mortgage may be subject.

2. Within thirty days after the execution of the mortgage herein authorized, applicant shall file with the Railroad Commission a verified copy of such mortgage.

3. Catherine A. Brooks shall keep such record of the issue of the note herein authorized and of the disposition of the proceeds as will enable her to file on or before the twenty-fifth day of each month a verified report as required by the 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 shall not become effective until applicant has paid the fee prescribed by Section 57 of the Public Utilities Act.

5. The authority herein granted to issue a note and to execute a mortgage shall apply only to such note as may be issued and to such mortgage as may be executed on or before August 1, 1920.

Dated at San Francisco, California, this

26th day of April, 1920.

Railroad Commission, State of California

John R. ...
APR 20 1920
H. P. ...
BY *H. P. ...*
Assistant Secretary

H. P. ...
Walter R. ...
H. P. ...

Commissioners.