

IM

Decision No. 7529

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of)
FRANK P. CADY and RILLA E. CADY, co-)
partners, owners of Susanville Water)
Works, for an order authorizing the)
issue of a note or notes secured by)
mortgage upon said Susanville Water)
Works, for the sum of Twenty-four)
Thousand Dollars.)

Application No. 5531.

LOVELAND, Commissioner.

O P I N I O N.

Frank P. Cady and Rilla E. Cady, co-partners, owners of Susanville Water Works, ask permission to execute to the Bank of Lassen County a mortgage securing the payment of a \$24,000. 7% note payable on or before four years after date, and to issue such note for the purposes hereinafter mentioned.

In Decision Number 2905 dated November 18, 1915 (Volume 8, Opinions and Orders of the Railroad Commission of California, Page 431) the Commission in fixing applicant's rates, used \$50,000. as a reasonable rate base.

In Exhibit No. 1 attached to the petition, applicants report an expenditure of \$7,545.09 since the appraisal of the properties by the Commission's engineers and up to December 31, 1919. Reports filed with the Commission show that during 1915, 246 consumers were connected with this water system; during 1916, 249; during 1917, 242; during 1918, 288; during 1919, 355.

After paying operating expenses and interest, applicants for 1917 report a surplus of \$2,605.18; for 1918, a surplus of \$3,323.91; and for 1919 a surplus of \$4,135.97.

Applicants report that on account of the increase in population of Susanville they are called upon to extend the distributing system, to build another storage reservoir, and to meter the entire system in order to conserve the water supply.

Applicants also report that under an agreement of March 2, 1914, approved by the Commission, they are obligated to purchase from the Lassen Townsite Company, a corporation, a distributing system installed by the Townsite Company and connected with their system. The cost of installing and laying this distributing system is reported at \$3,357.20, and the cost of the other improvements, additions and betterments to which reference has been made, at \$13,650.00.

Applicants have arranged to borrow \$24,000.00 from the Bank of Lassen County, such loan to be represented by a 7% note payable on or before four years after date and to be secured by a mortgage. A copy of the mortgage is attached to the petition and marked "Exhibit No. 3". Of the moneys obtained through the issue of the note, \$9,000.00 will be used to pay an outstanding note ^{issued} under an order of the Railroad Commission and the remainder to pay for the improvements, additions and betterments and the acquisition of the properties to which reference has been made.

I herewith submit the following form of order:-

ORDER

Frank P. Cady and Rilla E. Cady, co-partners, owners of Susanville Water Works, having applied to the Railroad Commission for permission to execute a mortgage and issue a \$24,000.00 note, a public hearing having been held and the 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 Frank P. Cady and Rilla E. Cady, co-partners, owners of Susanville Water Works be, and they are hereby, authorized to execute a mortgage substantially in the same form as the mortgage attached to the petition herein and marked "Exhibit No. 3" and to issue to the Bank of Lassen County a \$24,000. 7% note payable on or before four years after date, such note to be issued at not less than its face value and the proceeds applied to the following purposes:-

a.	To pay or refund outstanding note	\$9,000.00
b.	To purchase and install 300 meters	6,150.00
c.	To construct a 100,000 gallon reservoir	2,000.00
d.	To purchase distributing system from Lassen Townsite Company	3,557.20
e.	To install additional distribution mains	<u>5,500.00</u>
	T O T A L	<u>\$26,207.20</u>

The authority herein granted is subject to further conditions as follows:-

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 such other legal requirements to which said mortgage may be subject.

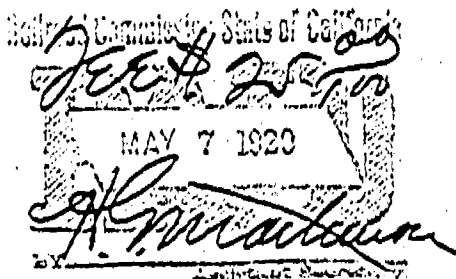
2. Frank P. Cady and Rilla E. Cady, co-partners, owners of Susanville Water Works, shall keep such record of the issue and sale of the note herein authorized and of the disposition of the proceeds as will enable them to file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order in so far as applicable, is made a part of this order.

3. The authority herein granted will not become effective until applicants have paid the fee prescribed in the Public Utilities Act.

4. The authority herein granted will apply only to such note as may be issued on or before October 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 3^d day of May 1920.



Edwin C. Eady
H. D. [unclear]
Frank [unclear]
H. D. [unclear]

Commissioners.