

ORIGINAL

Decision No. 7543

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application
of MOORPARK FARMERS WATER COMPANY,
a corporation, for order authorizing
issue of stock and bonds.) Application No. 5210.

Burton A. Weyl for applicant.

BY THE COMMISSION:

O P I N I O N

In the amended application, the Railroad Commission is asked to make an order authorizing Moorpark Farmers Water Company to execute a deed of trust, securing the payment of \$50,000.00 of 7 per cent 25-year bonds payable January 2, 1945; issue \$40,000 of said bonds, and \$20,000.00 of stock to acquire and enlarge the water system formerly owned by Moorpark Mutual Water Company and operate such system.

A hearing was held on this application before Examiner Westover at Moorpark.

Applicant reports that Moorpark Mutual Water Company furnished water exclusively to its stockholders, but that its service has been unsatisfactory and that, therefore, the stockholders have agreed to sell the properties to applicant for \$7,500.00 and subject to an indebtedness of \$28,000.00 plus accrued interest. The applicant, in taking over this system, undertakes to operate as a public utility. Applicant's proposed rate is 1 1/2¢ per inch per hour, which the record shows is satisfactory to all the farmers or

owners of property in the district in which applicant intends to operate, and who are users of water.

To obtain a large supply of water and improve its service, applicant intends to expend the following amounts for the purposes shown below:

3 wells (about 250 feet deep)-----	\$ 5,018.50
3 pumps -----	3,537.00
3 motors -----	1,617.00
3 installations -----	450.00
600 ft. 16" pipe to construct main line ----	804.00
3 - 8" gates -----	147.50
300 ft. of 16" pipe to reconstruct creek crossing -----	402.00
Laying 900 ft. of pipe -----	225.00
Freight estimated -----	125.00
Rebuilding and repairing portions of plant, estimated at -----	2,000.00
Total -----	<u>\$14,336.00</u>

The testimony shows that the present wells produce from 100 to 125 inches of water. Through the installation of the above equipment applicant estimates that the amount of water produced can readily be increased to 250 inches, an amount sufficient to irrigate 1250 acres of orchard lands. It appears that there is a ready market for all this water, and because of such fact applicant estimates its gross and net earnings as follows:

Gross earnings, 250 inches of water for 7 months-season at $1\frac{1}{2}$ cents per inch per hour -----	\$18,900.00
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Estimated operating expenses:

Engineer and office at \$200 per month-----	\$2,400.00
Power at \$300 per month -----	2,100.00
Renewals and repairs -----	3,000.00
Taxes and incidentals -----	<u>400.00</u>
Total estimated operating expenses -----	7,900.00
Net earnings available to pay interests, sinking funds, etc. -----	11,000.00

The original cost of the plant and system of Moorpark Mutual Water Company is reported at \$24,650.00. This includes no allowance for real estate or water rights. One of the hydraulic engineers of the Railroad Commission estimates the reproduction cost new of the plant and system, exclusive of real estate and water rights, at \$34,315 and the reproduction cost new less depreciation, using straight line method of calculating depreciation at \$28,252. In arriving at the present value of the properties, the company allows \$29,750 for a tract of real estate 150 x 330 feet owned in fee simple, on which 100 inches of water is developed and for water rights^{and right} to develop and remove all water from about 100 acres of land adjoining, described as that portion of northeast one-quarter of Section 3, Township 2, south range 19 west S.B.B. & M. lying north of the Southern Pacific right-of-way. We have made no detailed examination of such alleged values and the authority herein granted should not be interpreted as finding a value of \$29,750, or any other value for such lands, water rights and right to develop water.

Applicant has arranged for the sale of its bonds at 90. In its original petition, it asks authority to issue \$50,000 of bonds and \$25,000 of stock. In its amended petition filed April 17, 1920, it asks permission to issue \$40,000 of bonds and \$20,000 of stock. Applicant has filed a copy of its proposed mortgage securing the payment of \$50,000 of 7 per cent bonds payable January 2, 1945. While the order herein will authorize the execution of a mortgage substantially in the same form as that filed in this proceeding, it is with the understanding that only \$40,000 of said bonds be issued now and the remainder only as hereafter authorized by the Railroad Commission.

O R D E R

MOORPARK FARMERS WATER COMPANY having applied to the Railroad Commission for permission to issue \$40,000 of bonds, \$20,000 of stock, execute a mortgage, and acquire, construct and operate a public utility water plant, 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 the issue of the bonds and stock herein authorized, is reasonably required for the purposes set forth in the order, and that this application should be granted subject to the conditions of this order,

IT IS HEREBY ORDERED, that MOORPARK FARMERS WATER COMPANY be, and it is hereby, granted authority to execute a mortgage substantially in the same form as the mortgage attached to the petition herein.

IT IS HEREBY FURTHER ORDERED that MOORPARK FARMERS WATER COMPANY, be, and it is hereby, authorized to issue \$20,000 of common stock and \$40,000 of 7% bonds payable January 2, 1945.

The Railroad Commission HEREBY DECLARES that public convenience and necessity will require applicant to operate the water system described in the petition herein.

The authority herein granted is subject to the following conditions:-

1. - The stock herein authorized shall be sold by applicant for not less than 80% of its par value and the bonds at not less than 90% of their par value plus accrued interest.
2. - The proceeds obtained from the sale of the stock and bonds shall be used by applicant to acquire the properties of Moorpark Mutual Water Company and construct the extensions, additions and betterments described in the petition herein.

3. - The authority herein granted to issue bonds and stock shall not be urged before this Commission, or other body having jurisdiction, as a finding of value of the properties referred to herein for the purpose of determining rates, or for any purpose other than the purposes of this proceeding.

4. - 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 utility act, and is not intended as an approval of said mortgage as to such other legal requirements to which such mortgage may be subject.

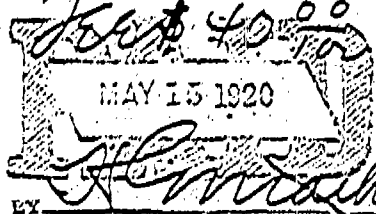
5. - Moorpark Farmers Water Company shall keep such record of the issue and sale of the stock and bonds herein authorized and of the disposition of the proceeds, as will enable it to file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No.24, which order, in so far as applicable is made a part of this Order.

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

7. - The authority herein granted will apply only to such stock and bonds as may be issued on or before November 1, 1920.

Dated at San Francisco, California this 10th day of May, 1920.

Public Utilities Commission State of California



BY

ADMINISTRATIVE ASSISTANT

Edwin C. Edgert
H. D. [unclear]
Frank [unclear]
H. B. Brundage
Erving Martin
Commissioners.