

Decision No. 8363

ORIGINAL

BEFORE THE RAILROAD COMMISSION  
OF THE STATE OF CALIFORNIA.

In the Matter of the Application of )  
CONSERVATIVE WATER COMPANY, a corpo- ) Application No. 6054.  
ration; for order authorizing issue )  
of term promissory notes. )

James S. Bennett, for Applicant.

EDGERTON, Commissioner.

O P I N I O N.

CONSERVATIVE WATER COMPANY asks permission to issue \$40,000. of 8% unsecured 10-year notes, the company retaining the option to pay the notes on any interest date after five years from date. The company intends to issue the notes at par and asks permission to use \$10,444. of the proceeds to refund a like amount of notes now outstanding and use the remainder to pay for improvements, the estimated cost of which is reported as follows:-

Pipe line extension . . . . .	\$2,225.21
New main line . . . . .	6,619.03
New line to tie up main line . . . . .	6,138.00
Meters . . . . .	7,740.00
New pumping equipment . . . . .	2,550.00
Contingencies . . . . .	4,283.76
TOTAL . . . . .	<u>\$ 29,556.00</u>

Both W. W. Pedder, President and Manager of the company, and the engineers of the Commission, are of the opinion that the improvements, outlined in the application and referred to in the preceding paragraph, should be made and are necessary to enable applicant to give better ~~and adequate~~ service.

The testimony shows that the proceeds from the notes now outstanding and which applicant asks permission to refund, have all been expended for permanent plant extensions, additions and betterments.

Applicant reports \$100,000. of stock outstanding. Practically all of the stock is owned by W.W.Pedder. Applicant operates in the city of Watts and vicinity. In 1919 it had 1541 consumers and reported gross earnings of \$19,800.49, operating expenses of \$16,078.20, leaving net earnings of \$3,722.29. W. W. Pedder is of the opinion that the net earnings of the company will be more than sufficient to meet the company's interest charges.

I herewith submit the following form of order;-

O R D E R.

CONSERVATIVE WATER COMPANY, having applied to the Railroad Commission for permission to issue \$40,000. of notes, 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 CONSERVATIVE WATER COMPANY be, and it is hereby, authorized to issue and sell at not less than their face value \$40,000. of promissory notes due ten years after

date and payable at the option of the company on any interest date on or after five years from date, with interest at the rate of 8% per annum, payable semi-annually.

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

1. Of the proceeds realized from the issue and sale of the notes herein authorized, \$10,444.00 shall be used to pay or refund the \$10,444.00 of notes set forth in Schedule "A" attached to the petition herein.

2. The remainder of the proceeds shall be used to pay for the following plant extensions, additions and betterments:-

Pipe line extension (Schedule B) . . . . .	\$2,225.21
New main line (Schedule C) . . . . .	6,619.03
New line to tie up main line (Schedule D) . . . . .	6,138.00
Meters (Schedule E) . . . . .	7,740.00
New pumping equipment (Schedule F) . . . . .	2,550.00
Contingencies . . . . .	<u>4,283.76</u>

\$29,556.00

3. Conservative Water Company shall keep such record of the issue and sale of the notes 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.

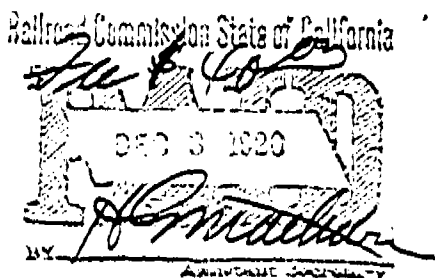
4. The authority herein granted will not become effective until applicant has paid the fee prescribed in the Public

Utilities Act.

5. The authority herein granted will apply only to such notes as may be issued and sold on or before March 1, 1921.

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 26<sup>th</sup> day of November, 1920.



*Edwin J. Edgerton*  
*H. D. Loveland*  
*Frank R. Helm*  
*H. K. Bunnice*  
*Erving Masters*  
Commissioners.