

ORIGINAL

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Decision No. 8385.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the)
PASADENA CONSOLIDATED WATER COMPANY,)
to issue and sell bonds in the amount of)
\$125,000.00 originally created by said)
company and secure the same by trust)
deed upon all of its property.)

Application
Number
6137

J.A. Anderson, for applicant.

LOVELAND, Commissioner.

O P I N I O N .

PASADENA CONSOLIDATED WATER COMPANY asks permission to execute a mortgage or deed of trust and issue \$125,000.00 of 7 per cent 20-year bonds for the purposes and at the prices hereinafter indicated.

Pasadena Consolidated Water Company was organized in January, 1912, with an authorized stock issue of \$200,000.00. Stock in the amount of \$163,900.00 has been issued and is outstanding. In Decision No. 8220, dated October 11, 1920, the Railroad Commission authorized applicant to increase its rates. In that decision, the Commission's engineers estimated the original cost of the company's properties at \$266,156.00. The estimate does not include certain properties deemed unnecessary to serve present consumers, nor those in process of construction at the time of the investigation but which have since been completed. The Commission found that the company's system was overbuilt for its present users and covers a large area of sparsely settled territory, so that a rate computed to

produce a return equal to 8 per cent on \$266,156.00 would be unduly burdensome to the present consumers. The Commission's engineers estimate that the rates fixed by the Commission will yield a net return of \$9,448.85, while J.B. Coulston, president of the company, believes that because of improvements made since the investigation by the Commission's engineers, the net return will amount to from \$12,000.00 to \$13,000.00.

As of August 1, 1920, the company reports an indebtedness of \$126,700.00, consisting of \$65,000.00 of bonds due January 2, 1922, \$58,700.00 of short term notes and \$3,000.00 of floating debt. The outstanding bonds were issued by Craig-Lambert Water Company, whose properties were acquired by applicant subject to the bonded indebtedness. The holders of the bonds have agreed to accept in payment at par 7% bonds of the Pasadena Consolidated Water Company. It is possible that some of the noteholders will likewise accept 7 per cent bonds at par in payment for notes. However, applicant asks permission to sell \$60,000.00 of bonds for not less than 97, or on about a 7.3% basis.

Applicant has filed with the Commission a copy of its proposed trust deed. This trust deed secures the payment of \$125,000.00 of 7 per cent 20-year bonds and gives the company the option to call the bonds for payment at 105 and accrued interest on July 1, 1923, or on any interest date thereafter. The president of the company testified that in his opinion the company will not be called upon to construct any large improvements which would necessitate the issue of any additional bonds, and that therefore, a closed mortgage or deed of trust, such as proposed by the company, will not handicap it in its operations.

I herewith submit the following form of Order.

O R D E R.

PASADENA CONSOLIDATED WATER COMPANY having applied to the Railroad Commission for permission to execute a mortgage or deed of trust and issue \$125,000.00 of bonds, 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 herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED, that PASADENA CONSOLIDATED WATER COMPANY be, and it is hereby, authorized to execute a mortgage or deed of trust substantially in the same form as the mortgage or deed of trust filed with the Commission in this proceeding on November 4, 1920, as amended on November 23, 1920, provided that the approval herein given of said mortgage or deed of trust 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 or deed of trust as to such other legal requirements, to which said mortgage or deed of trust may be subject.

IT IS HEREBY FURTHER ORDERED, that PASADENA CONSOLIDATED WATER COMPANY be, and it is hereby, authorized to issue \$125,000.00 of 7 per cent 20-year bonds.

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

- 1.--Of the bonds herein authorized to be issued, \$65,000.00 shall be sold and delivered for the purpose of paying or refunding the \$65,000.00 of outstanding bonds issued by Craig-Lambert Water Company and referred to in applicant's Exhibit "C". The remaining \$60,000.00 of

bonds shall be sold by applicant for not less than 97% of their face value plus accrued interest and the proceeds used to pay indebtedness other than the bonds issued by the Craig-Lambert Water Company and referred to in applicant's Exhibit "C a".

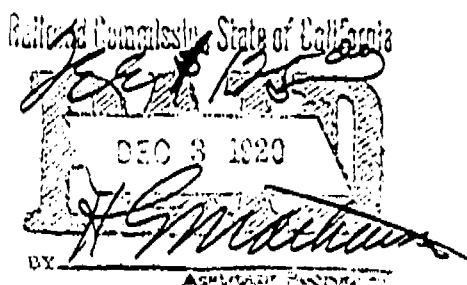
2.--The Pasadena Consolidated Water Company shall keep such record of the issue and sale of the bonds herein authorized and of the disposition of the proceeds, as will enable it to file on or before the 25th day of each month a verified report as required by the Railroad Commission's General Order No.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

3.--The authority herein granted to issue and sell bonds will not become effective until applicant has paid the fee prescribed by the Public Utilities Act.

4.--The authority herein granted to issue and sell bonds will apply only to such bonds as may be issued and sold on or before April 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 27th day of November, 1920.



Edwin O. Edgerton
H. A. Ferguson
Frank D. Miller
Livingston Martin
Commissioners.