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ORIGINAL

Decision No. 9066

BEFORE THE RAILROAD COMMISSION OF THE  
STATE OF CALIFORNIA.

In the Matter of the Application of )  
PORT COSTA WATER COMPANY )  
for authority to issue interim cer- )  
tificates to the amount of \$125,000; )  
providing for exchange of first and )  
refunding 8 per cent gold bonds to )  
a like face amount. )

Application No. 6862.

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Jared How for applicant.

BENEDICT, Commissioner.

O P I N I O N.

PORT COSTA WATER COMPANY asks permission to execute a first and refunding mortgage to secure the payment of an authorized issue of \$1,000,000.00 of bonds; to issue and sell at not less than 94½ per cent and accrued interest \$125,000.00 of said bonds and use the proceeds to pay bills and accounts payable incurred in connection with the construction of additions and betterments to its property. Pending the delivery of the bonds, applicant asks permission to issue and sell interim certificates exchangeable for bonds.

Applicant has not filed a copy of its proposed first and refunding mortgage. The authority herein granted to issue and sell bonds will not become effective until the Commission has authorized applicant to execute a mortgage securing the payment of the bonds.

On July 27, 1917, the Commission authorized Port Costa Water Company to join with Port Costa Development Company and

Mt. Diablo Development Company in the issue of a \$585,000.00 note secured by mortgage on the properties of the three companies. On December 31, 1919, the Commission authorized applicant to join with the two companies mentioned in the issue of a \$100,000.00 note secured by a mortgage on the properties of the three companies. The two notes are the joint and several obligations of the three companies. The testimony shows that there is now due on the two notes approximately \$433,000.00. Applicant reports that arrangements have been made whereby it will assume the payment of \$300,000.00 of the \$433,000.00 and that by such assumption, it will be relieved of any further liability on the two notes. The notes are held by the San Francisco Savings and Loan Society, which according to the testimony, has expressed a willingness to an extension of the maturity of the notes. The matter of extending the maturity of the notes and any modifications of the mortgages securing the payment of the notes, should be hereafter taken up with the Commission.

The other indebtedness of applicant is reported as follows:-

Notes Payable,.....	\$35,000.00
Due Geo. W. McNear, Inc.,...	82,807.97
Due G.W. McNear,.....	14,500.00.

It is for the purpose of refunding part of this indebtedness that applicant asks permission to issue and sell \$125,000.00 of 8 per cent serial bonds. Of the bonds, \$15,000 mature on May 1, 1922; \$20,000 on May 1, 1923; \$25,000 on May 1, 1924; \$30,000 on May 1, 1925, and \$35,000 on May 1, 1926.

The Railroad Commission by Decision No. 8238, dated October 15, 1920, re-adjusted applicant's rates, and in so doing used a rate base of \$650,000. The rates fixed by the Commission in Decision No. 8238 are intended to yield an 8 per cent return on the rate base of \$650,000. The testimony shows that applicant's earnings will be sufficient to enable it to pay the interest on the bonds which it asks permission to issue.

I herewith submit the following form of Order.

O R D E R.

PORT COSTA WATER COMPANY having asked permission to execute a mortgage and issue and sell \$125,000.00 of bonds, and pending the delivery of the bonds, issue and sell interim certificates of a like amount; 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 PORT COSTA WATER COMPANY be, and it is hereby, authorized to issue and sell, for cash, at not less than 94½ per cent and accrued interest \$125,000.00 of first and refunding mortgage 8 per cent gold bonds; pending the issue and delivery of such bonds Port Costa Water Company is hereby authorized to issue, sell and deliver at not less than 94½ per cent and accrued interest \$125,000.00 of interim certificates exchangeable for first and refunding mortgage 8 per cent gold bonds.

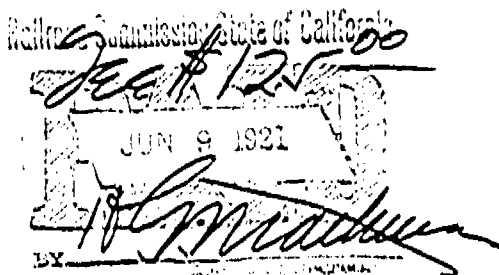
The authority herein granted is subject to the following conditions:-

- 1.--None of the bonds herein authorized to be issued shall be delivered until the Commission by supplemental order has authorized applicant to execute a first and refunding mortgage securing the payment of the bonds.
- 2.--All proceeds realized from the sale of the bonds or interim certificates, shall be deposited with the Bank of California, National Association, trustee, and not expended until the Commission has authorized applicant to execute a first and refunding mortgage.

- 3.--Upon receiving authority from the Commission to execute a first and refunding mortgage, the proceeds from the sale of the bonds may be used to pay or refund, in so far as possible, the notes and accounts payable set forth in Exhibit "A" filed in this proceeding.
- 4.--Port Costa Water Company shall keep such record of the issue and sale of the bonds and interim certificates 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.
- 5.--The authority herein granted will not become effective until applicant has paid the fee prescribed in the Public Utilities Act.
- 6.--The authority herein granted will apply only to such bonds and interim certificates as may be issued, sold or delivered on or before October 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 8<sup>th</sup> day of June, 1921.



[Signature]

[Signature]

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Commissioners.