

Decision No. 9370

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
CITIZENS LAND AND WATER COMPANY OF  
UPLAND, for an order authorizing  
renewal of notes.

Application No. 7013

ORIGINAL

Chas. P. Fuller for Applicant.

BY THE COMMISSION.

O P I N I O N

In this application, as amended at the hearing, CITIZENS LAND AND WATER COMPANY OF UPLAND asks permission to issue its promissory notes in the aggregate face amount of \$22,800.00

A public hearing was held before Examiner Williams at Los Angeles on August 6, 1921.

The company, which was organized on February 12, 1903, is engaged in the distribution of water for domestic and industrial purposes in the City of Upland, San Bernardino County. It reports, on December 31, 1920, 745 consumers. For the years ending December 31, applicant reports its earnings as follows:

| <u>I T E M</u>               | <u>1 9 1 8</u> | <u>1 9 1 9</u> | <u>1 9 2 0</u> |
|------------------------------|----------------|----------------|----------------|
| Operating Revenues           | \$11,562.15    | \$12,755.07    | \$14,364.87    |
| Operating Expenses           | 7,084.89       | 9,362.28       | 9,955.44       |
| Net Operating Revenues       | 4,477.26       | 3,392.79       | 4,409.43       |
| Non-operating Revenues       | 27.45          | 49.75          | 60.50          |
| Gross Corporate Income       | 4,504.71       | 3,442.54       | 4,469.93       |
| Deduct:                      |                |                |                |
| Interest on Funded Debt      | 750.00         | 750.00         | 750.00         |
| Other Interest               | 1,553.79       | 1,490.16       | 1,394.65       |
| Uncollectible Bills          | 3.70           | 54.31          | -              |
| Total Deductions             | 2,307.49       | 2,294.47       | 2,144.65       |
| Surplus for Year             | 2,197.22       | 1,148.07       | 2,325.28       |
| Dividends                    | 600.00         | 600.00         | 600.00         |
| Other Deductions             | 643.00         | -              | -              |
| Surplus at beginning of year | 17,637.21      | 18,591.43      | 19,139.50      |
| Surplus at end of year       | \$18,591.43    | \$19,139.50    | \$20,864.78    |

Applicant reports outstanding \$20,000.00 of stock, \$15,000.00 of twenty year, 5 percent bonds due May 1, 1923, and \$22,800.00 of short term notes.

Applicant asks permission to refund the \$22,800.00 of notes. It appears from the testimony of Chas. P. Fuller, applicant's secretary, that the notes were issued without permission from the Railroad Commission through inadvertence and with no intent to evade the provisions of the Public Utilities Act. His testimony further shows that the \$22,800.00 of notes were issued in renewal of earlier notes that represented indebtedness originally incurred in the construction of extensions, additions and betterments. Mr. Fuller testified that the purposes for which the \$22,800.00 was expended were properly chargeable to capital account and consisted in general of the development of its well in Upland, the construction of a concrete reservoir, and for additional pipe lines.

At the hearing applicant amended its petition so as to ask permission to renew the \$22,800.00 of notes from time to time, provided that the combined terms of the notes herein authorized, and those issued in renewal thereof, should not exceed three years from the date of the first notes issued under this order.

#### ORDER

CITIZENS LAND AND WATER COMPANY OF UPLAND, having applied to the Railroad Commission for permission to issue notes, a public hearing having been held and it appearing to the Railroad Commission that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes specified herein and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that Citizens Land and Water Company of Upland be, and it is hereby, authorized to issue not exceeding \$22,800.00 face value of three year notes bearing interest at not exceeding 8% per annum, for the purpose of refunding the indebtedness referred to in this application.

The authority herein granted is subject to the following conditions:

1. The notes heretofore issued without an order from the Railroad Commission shall be returned to applicant and canceled, and the notes herein authorized shall be issued in lieu thereof.

2. Applicant may, if it so desires, issue the notes for a term less than three years, and renew the notes so issued from time to time, provided that the combined terms of the notes issued for a term of less than three years and those issued in renewal thereof shall not exceed three years from the date of the first notes issued under this order.

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

4. Citizens Land and Water Company of Upland shall keep such record of the issue and disposition of the notes herein authorized 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.

Dated at San Francisco, California, this 10<sup>th</sup> day of August, 1921.

RECEIVED  
AUG 18 1921  
J. C. Madsen

H. B. Bondage  
H. L. ...  
J. W. ...  
W. E. ...  
Commissioners.