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Decision No. 9878-

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA

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In the Matter of the Application of the)
CONSOLIDATED CANAL COMPANY)
for authority to borrow the sum of)
\$50,000.00 and to execute its negotia-)
ble promissory note therefor.)

Application No. 6959.

I.L. Cory for applicant.

BY THE COMMISSION:

C P I N I O N.

In this application, CONSOLIDATED CANAL COMPANY asks permission to issue its promissory note or notes in the aggregate face amount of \$50,000.00 and to use the proceeds to pay, in part, outstanding indebtedness and to provide funds with which to make certain necessary repairs to its properties or to reconstruct a portion of its canal system.

A public hearing was held on this application by Examiner Satterwhite at Fresno.

Consolidated Canal Company was incorporated on or about August 12, 1901, with an authorized stock issue of \$500,000.00 of common stock. The company at present is engaged in the business of supplying water for irrigation purposes in Fresno County and Kings County, serving approximately 95,000 acres of land. As of May 31, 1921, it reports outstanding all of its authorized capital stock, \$120,000.00 of its first mortgage 5 per cent gold bonds due December 1, 1932, and \$52,509.82 of current liabilities. Its corporate surplus as of the same date amounted to \$90,885.56.

The testimony of L.A. Nares, applicant's president, shows that the company has made arrangements to issue unsecured notes bearing interest at not more than 7 per cent. per annum. It desires permission to issue the notes for such terms as it deems advisable and to renew them from time to time. provided that the combined terms of the notes originally issued and those issued in renewal thereof shall not exceed one year after date of the first note.

The testimony further shows that applicant proposes to use about \$25,000.00 of the proceeds from the issue of the notes to refund, in part, outstanding indebtedness that was originally incurred for capital purposes and to use the balance of the proceeds for the improvement and maintenance of its facilities and service.

O R D E R

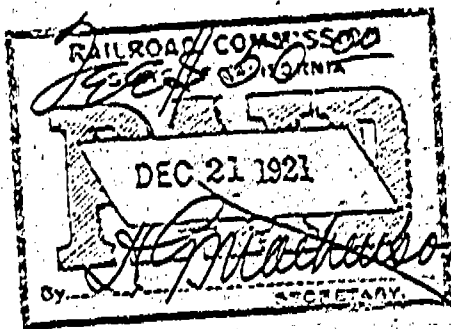
CONSOLIDATED CANAL COMPANY having applied to the Railroad Commission for permission to issue notes, a public hearing having been held and it appearing to the Railroad Commission that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes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

IT IS HEREBY ORDERED, that CONSOLIDATED CANAL COMPANY be, and it is hereby, authorized to issue for a term not exceeding one year, at not less than face value, its promissory note or notes in the aggregate face amount of \$50,000.00, and to use the proceeds for the purpose of refunding, in part, its current indebtedness and for the improvement of its facilities and service as described in this application.

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

- 1.--The notes herein authorized to be issued shall bear interest at not more than 7 per cent. per annum.
- 2.--Applicant may, if it so desires, issue notes for a period of less than one year and renew them from time to time, provided that the combined terms of the notes herein authorized and of the notes issued in renewal thereof, shall not exceed one year after date of the note or notes originally issued under the authority granted herein.
- 3.--Consolidated Canal Company shall keep such record of the issue 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 by Section 57 of the Public Utilities Act, which fee is \$50.00.

DATED at San Francisco, California, this 16th
day of December, 1921.



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Commissioners.