

Decision No. 28943 .

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
PALM SPRINGS WATER COMPANY, )  
a corporation, for a permit author- )  
izing it to issue and sell capital )  
stock. )

Application No. 19355

C. L. McFarland, for applicant.

**ORIGINAL**

BY THE COMMISSION:

O P I N I O N

Palm Springs Water Company in this application, as amended at the hearing had before Examiner Fankhauser on April 6th, asks permission to issue at par \$25,000.00 of common capital stock and use the proceeds for the purposes hereinafter set forth; and issue a \$15,000.00 note to refund existing indebtedness.

Applicant is a public utility and is engaged in the business of furnishing domestic water in what is known as the Village of Palm Springs and territory adjacent thereto, in Riverside County.

As of December 31, 1933 applicant reports assets and liabilities as follows:-

A S S E T S

Fixed capital . . . . .	\$168,077.89
Miscellaneous property . . . . .	2,267.11
Current assets:	
Cash . . . . .	\$2,719.52
Accounts receivable . . . . .	1,611.02
Materials and supplies . . . . .	4,864.30
Total current assets . . . . .	9,194.84
Deficit . . . . .	1,125.23
Total assets . . . . .	<u>\$180,685.07</u>

L I A B I L I T I E S

Capital stock . . . . .	\$100,000.00
Notes payable . . . . .	15,000.00
Current liabilities:	
Accounts payable . . . . .	\$7,452.44
Consumers deposits . . . . .	8,569.64
Dividends declared . . . . .	7,000.00
Total current liabilities . . . . .	23,022.08
Reserve for accrued depreciation . . . . .	42,642.99
Total liabilities . . . . .	<u>\$180,685.07</u>

Of the \$100,000.00 of stock outstanding A. F. Hicks is reported to own \$96,200.00. Applicant is also indebted to A. F. Hicks in the sum of \$15,000.00. During the past four years applicant has paid dividends on its stock at the rate of seven percent. per annum.

Applicant's active meters increased from 293 in 1929 to 418 in 1933, while the quantity of water sold increased from 15,182,300 cubic feet in 1929 to 20,413,250 cubic feet in 1933. Applicant has been obtaining its water supply from Chino Canyon. During 1933 this supply was inadequate, with the result that applicant had to purchase water at a cost of \$1,678.76. It is believed that the Chino Canyon water supply will be insufficient in the future.

The company is engaged in drilling a well in the S.W.1/4 of Section 28, Township 3 South, Range 4 East, S.B.M., for the purpose of increasing its supply of water. It is estimated that the well, pump and power plant will cost \$11,934.00. To connect the well with the company's transmission line, it will have to install about 1200 feet of 14" 10 ga. welded steel pipe at an estimated cost of \$1,440.00. To augment its water supply from Chino Canyon applicant is extending its transmission line in the canyon by about 5,000 feet at an estimated cost of \$2,000.00. Applicant also proposes to replace on Palm Canyon Drive at a cost of about \$8,315.00, 5,000 feet of 4-inch pipe with 5,000 feet of 10 inch 10 ga. welded steel pipe. This replacement will be made to improve the service.

To pay said costs, estimated at \$23,689.00, applicant asks permission to issue and sell at par \$25,000.00 of common stock. Any stock proceeds not needed for the enlargement and improvement of applicant's water system, as outlined in Exhibit No. 3, will be used to pay indebtedness due A. F. Hicks.

As stated, applicant owes A. F. Hicks \$15,000.00 represented by a one year note dated December 31, 1933. Inasmuch as the note was

issued to refund a note then outstanding, and was issued without authority from the Commission, we question the validity of the note. Upon being advised of that fact, applicant asked leave to amend its application and permission to issue the note. This request should be granted.

### ORDER

Palm Springs Water Company having asked permission to issue \$25,000.00 par value of common stock and a \$15,000.00 note, for the purposes indicated in the foregoing opinion, the Commission having considered applicant's request and 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, and that this application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED, that Palm Springs Water Company be, and it is hereby, authorized to issue and sell, on or before December 31, 1934, at not less than par, \$25,000.00 par value of common stock and use the proceeds to pay the cost of acquiring and installing the properties described in Exhibit No. 3, and pay in part indebtedness due A. F. Hicks.

IT IS HEREBY FURTHER ORDERED, that Palm Springs Water Company be, and it is hereby, authorized to issue to A. F. Hicks its note or notes for not exceeding \$15,000.00, payable on or before three years after date, with interest at not exceeding seven percent. per annum, for the purpose of paying or refunding the \$15,000.00 of

indebtedness now due said A. F. Hicks. Under the authority herein granted applicant may issue a note or notes for a term of less than three years, and should it do so, may renew said note or notes from time to time, provided that the maturity date of no note or notes issued in renewal of any note or notes, may be later than three years after the effective date of this order.

IT IS HEREBY FURTHER ORDERED, that the authority herein granted will become effective when applicant has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which minimum fee is Twenty-five (\$25.00) Dollars.

IT IS HEREBY FURTHER ORDERED, that Palm Springs Water Company shall file monthly reports, as required by General Order No. 24, which order insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 16<sup>th</sup> day of April, 1934.

C. S. Seavey

Leon Whittell

W. A. Carr

M. B. Levine

William H. ...

Commissioners.

