

Decision No. 29487

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the )  
INDIO WATER COMPANY, LTD., )  
a corporation, for an order authorizing )  
a mortgage of property of a public )  
utility. )

Application No. 20954

BY THE COMMISSION:

O P I N I O N

This is an application for an order of the Railroad Commission authorizing Indio Water Company, Ltd. to execute a deed of trust and to issue a note in the principal amount of \$5,000.00 for the purpose of paying indebtedness and of financing the cost of additional property.

Indio Water Company, Ltd. is engaged in the business of distributing water as a public utility to approximately five hundred consumers in and about the City of Indio, Riverside County. It acquired the water system it operates in 1931 pursuant to authority granted by this Commission by Decision No. 23562, dated April 6, 1931, and in so doing, issued \$13,500. of common stock and a note for \$16,371. and assumed the payment of approximately \$5,000. of indebtedness.

Applicant reports that it now has outstanding two deeds of trust against its real property consisting of a first deed of trust securing a note for \$4,110.31 in favor of Security Investment Company, payable in monthly installments of \$75. with interest at the rate of 8.8% per annum, being a part of the indebtedness assumed by it upon acquiring its water system, and a second deed of trust securing a note for \$14,872.33 in favor of J. L. Marshall and wife, payable in installments of \$200. per month, with interest at the rate of 7% per annum, being the unpaid balance of the \$16,371. note issued under the authority granted by the former decision. Of applicant's outstanding

stock, \$8,500. par value is owned by H. S. Marshall, son of J. L. Marshall, and \$5,000. is owned by A. Vernon Green.

The present application indicates that the company in order to refinance the indebtedness in favor of Security Investment Company and to reduce its annual interest charges, has arranged to borrow from Dave Burke and Cora Burke, of Indio, the sum of \$5,000. payable on December 1, 1939 with interest at the rate of 6% per annum, payable quarterly, payment to be secured by deed of trust in the form filed with the application as Exhibit B covering real and personal property included in its water system. The remainder of the proceeds to be received through the issue of the new note in excess of the amount needed to discharge the indebtedness due Security Investment Company, approximately \$890.00, will be used to finance the cost of drilling another well to meet the increased demand for water. The cost of drilling the well, pumping equipment and connections is estimated at \$2,500.

Applicant's reports on file with the Commission indicate that the company from the time it acquired its system <sup>(1)</sup> and up to the close of 1935, expended approximately \$15,000. for additions and betterments which appear to have been financed chiefly through the use of surplus earnings and moneys represented by its reserve for depreciation. Its balance sheet as of December 31, 1935 shows assets and liabilities as follows:-

ASSETS

Investment in fixed capital . . . . .	\$53,430.42
Cash . . . . .	185.73
Accounts receivable . . . . .	1,319.75
Total.....	<u>\$54,935.90</u>

(1) As of December 31, 1930 the Commission's Engineering Department estimated the historical reproduction cost at \$38,205. and the reproduction cost new at \$39,168. (Exhibit 2 in Application Nos. 17207-8.)

LIABILITIES

Capital stock- Common . . . . .	\$13,500.00
Notes payable . . . . .	20,366.71
Accounts payable . . . . .	5,883.55
Reserve for depreciation . . . . .	5,285.27
Corporate surplus unappropriated . . . . .	9,900.37
Total . . . . .	<u>\$54,935.90</u>

During 1936 applicant reports that it has added \$2,399.87 to its fixed capital.

The company's consumers have increased from 300 in 1931 to 508 at the close of 1936. Its operating revenues increased from \$10,984. in 1931 to \$15,930.54 for 1936. The note which applicant asks permission to issue will be secured by a deed of trust that will be a first lien on its properties.

O R D E R

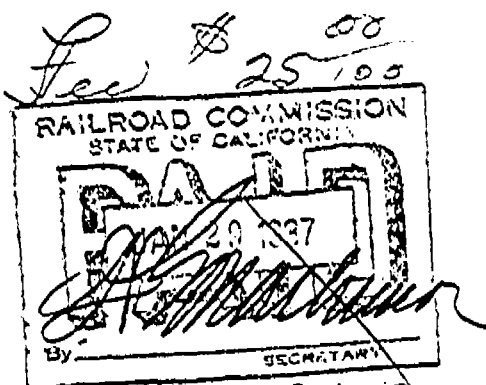
Indio Water Company, Ltd. having applied to the Railroad Commission for permission to execute a deed of trust and to issue a note for \$5,000., and the Commission having considered applicant's request and being of the opinion that this is not a matter in which a public hearing is necessary, that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for by it through the issue of said note is reasonably required by applicant, therefore,

IT IS HEREBY ORDERED that Indio Water Company, Ltd. be, and it hereby is, authorized to execute a deed of trust in or substantially in the same form as that filed in this proceeding as Exhibit B, and to issue a note in the principal amount of not exceeding \$5,000. payable on December 1, 1939 with interest at the rate of 6% per annum, payable quarterly, and to use the proceeds to be realized through the issue of said note to pay present indebtedness of approximately \$4,110. in favor of Security Investment Company and to finance the cost of drilling a new well, provided:

1. That the authority herein granted to execute a deed of trust is for the purpose of this proceeding only and is given only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said deed of trust as to such other legal requirements to which it may be subject; and
2. That applicant shall file with the Commission within thirty (30) days after executing said deed of trust a verified copy thereof as actually executed, and shall file a statement showing in some detail the purposes for which it expended the proceeds realized by it through the issue of the said \$5,000. note, such statement to be filed within thirty (30) days after such proceeds have been expended; and
3. 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 fee is Twenty-five (\$25.00) Dollars.

DATED at San Francisco, California, this 25<sup>th</sup> day of January, 1937.

*[Signature]*  
 Leon Orsham  
*[Signature]*  
 Frank R. Quinn  
*[Signature]*  
 Robert W. Quinn  
*[Signature]*  
 Ray C. Riley  
 Commissioners.



Fee # 33102