

Decision No. 32508

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
SAN DIMAS-CHAPTER OAK DOMESTIC WATER )  
COMPANY to execute deed of trust and ) Application No. 23062  
issue refunding note. )

BY THE COMMISSION:

O P I N I O N

San Dimas-Charter Oak Domestic Water Company asks permission, in this application, to issue a \$25,000 four and one half per cent. installment note for the purpose of paying outstanding notes and execute a deed of trust to secure the payment of the note.

Applicant is engaged in the distribution of water for domestic purposes to consumers in and about San Dimas, California. For 1938 it reports operating revenues of \$26,305.48 and operating expenses of \$24,898.78. The operating expenses include \$3,070.41 for depreciation and \$1,220.89 for taxes. Its net operating revenues for the year amounted to \$1,406.70.

As of July 31, 1939 applicant in Exhibit A filed in this proceeding reports assets and liabilities as follows:-

<u>A S S E T S</u>		
Fixed assets depreciated		\$49,868.48 ✓
Fixed assets undepreciated	\$90,229.21	
Reserve for depreciation	<u>40,360.73</u>	
Stock of San Dimas Water Company		44,279.00
Current assets		6,612.24 ✓
Cash on deposit	4,044.18	
Accounts receivable	3,037.46	
Less reserve for doubtful accounts	469.40	
Prepaid expenses		1,194.67 ✓
Organization expense	127.95	
Charting and mapping	<u>1,066.72</u>	
Guarantee deposit with Los Angeles County road department		<u>25.00</u>
Total assets . . . .		<u>\$101,979.39</u>

LIABILITIES

Capital stock		\$ 25,000.00
Current liabilities		44,147.76
Accounts payable	\$ 6,075.40	
Notes payable	37,500.00	
Interest accrued	222.36	
Taxes accrued	<u>350.00</u>	
Consumers construction advances		3,491.31
Surplus		<u>29,340.32</u>
	Total liabilities	<u>\$101,979.39</u>

Applicant owns 163 shares of stock of San Dimas Water Company, a mutual water corporation. It obtains all the water which it sells, from San Dimas Water Company.

Applicant has presently outstanding a \$12,000 five per cent. note due December 30, 1939, payable to Laura Belle Damerel, a \$7,000 four per cent. note due October 17, 1939, payable to First National Bank of Azusa and a \$6,000 four per cent. note due October 28, 1939, payable to First National Bank of Azusa. The issue of the three notes has heretofore been authorized by the Commission. The holders of these notes are not willing to extend the time of payment. In view of the fact that applicant has not sufficient cash on hand to pay the notes when due, it has entered into an agreement with Pomona College, Claremont, California, for a loan of \$25,000. Applicant proposes to issue to Pomona College its promissory note for the principal sum of \$25,000 to be secured by a deed of trust which shall be a first lien on the distributing system, pipes, pipe lines, reservoirs, pumps, leases, rights of way, real estate and all other physical properties of applicant now owned or hereafter acquired. The payment of the note will be further secured by the pledge with Pomona College of 163 shares of stock of the San Dimas Water Company, and by the guarantee of the payment of the principal and interest of the note by said San Dimas Water Company. The note is to be dated October 1, 1939 and shall bear interest at the

rate of four and one half per cent. per annum, payable quarterly. The principal is payable as follows:- \$2,000 on October 1, 1940 and \$2,000 each year thereafter on the first day of October for nine years. The balance shall become due and payable on October 1, 1949. Applicant, however, reserves the privilege of increasing the \$2,000 installment payments to not to exceed \$5,000 in any one year, upon payment of a bonus of 90 days unearned interest at the rate of four and one half per cent. per annum on the excess principal over \$2,000, provided that the total of said excess payments shall not exceed \$7,000. It is agreed that all payments on principal in excess of \$2,000 per year shall be credited to the next succeeding principal installments due on the note.

A copy of the deed of trust which applicant desires to execute has been filed in this proceeding. We have reviewed the same and find it to be in satisfactory form.

#### ORDER

The Commission has considered applicant's requests and is of the opinion that this is not a matter on which a public hearing is necessary, that applicant should be authorized to execute a deed of trust and to issue a \$25,000 note for the purposes hereinafter stated, that the money, property or labor to be procured or paid for through the issue of said note is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:-

1. San Dimas-Charter Oak Domestic Water Company may, on or before December 1, 1939, execute a deed of trust and issue a promissory note for \$25,000 in, or substantially in, the same form as the deed of

trust and note filed in this proceeding as Exhibit C, and use the proceeds received through the issue of the note to pay the outstanding notes specifically referred to in the foregoing opinion, provided that the authority herein granted to execute a deed of trust is for the purpose of this proceeding only, and is granted 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.

2. San Dimas-Charter Oak Domestic Water Company shall, within thirty(30) days after the issue of said note and the execution of said deed of trust, file with the Railroad Commission a copy of the note actually issued, a copy of the deed of trust as executed and a report showing the purposes for which it used the money realized through the issue of said note.

3. The authority herein granted will become effective upon the date hereof.

DATED at San Francisco, California, this 31<sup>st</sup> day of October, 1939.

Raymond  
Frank R. Swine  
Ray R. Rice  
M. Hall  
Justin J. Craven  
COMMISSIONERS