

Decision No. 35372

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the CLEAR LAKE WATER COMPANY for permission to execute an agreement to the CALAVERAS CEMENT COMPANY under terms of which payments will extend over a period of more than twelve months.

Application
No. 24926

BY THE COMMISSION:

O P I N I O N

Clear Lake Water Company asks permission to execute a non-interest bearing agreement providing for the payment of \$32,500 to Calaveras Cement Company for engineering data. Under the terms of the agreement, payments are to be made as follows:

\$ 5,000 on or before January 1, 1944
10,000 on or before January 1, 1945
17,500 on or before January 1, 1946

Clear Lake Water Company is engaged in supplying irrigation water in Yolo County. It obtains its water supply from Clear Lake.

It is of record that Ward Engineering Company borrowed \$32,500 from Calaveras Cement Company for the purpose of testing the foundation of the Indian Valley damsite by tunneling and diamond drilling, and other engineering development work, with a view of providing an additional

water supply to Clear Lake Water Company. Upon the cancellation of the loan, Ward Engineering Company delivered to Calaveras Cement Company all engineering data.

Clear Lake Water Company has entered into an agreement to purchase from Calaveras Cement Company said engineering data at a cost of \$32,500. It is believed that if and when Clear Lake Water Company is in a position to proceed with the construction of the dam, the engineering data will be valuable to it. The agreement between Calaveras Cement Company and Clear Lake Water Company, in addition to providing for the payments as indicated above, provides that in lieu of Clear Lake Water Company paying interest on the above amounts, Clear Lake Water Company agrees that all cement purchased by Clear Lake Water Company in the construction of the Indian Valley dam and/or the concrete lining of Clear Lake Water Company canals will be purchased from Calaveras Cement Company at a price comparable with prices offered by other cement companies. We will not approve an agreement containing such a provision.

The order herein will authorize Clear Lake Water Company to issue to Calaveras Cement Company in payment for said engineering data, a note or other evidence of indebtedness for the sum of not exceeding \$32,500. Said note or other evidence of indebtedness may bear interest at not to exceed 6% per annum, and shall be payable on or before January 1, 1946 in such installments as may be agreed upon by applicant and Calaveras Cement Company.

The \$32,500 represents the cost of preliminary surveys

and investigation. It should be charged to Account 15, Other Suspense. If the Indian Valley dam is not constructed on or before January 1, 1946, the amount should at that time, or at an earlier date, be charged to Surplus.

O R D E R

The Commission having considered the request of Clear Lake Water Company and it being of the opinion that this is not a matter on which a hearing is necessary; that Clear Lake Water Company should be authorized to execute a note or an evidence of indebtedness providing for the payment of \$32,500 to Calaveras Cement Company for the engineering data referred to herein, therefore

IT IS HEREBY ORDERED that Clear Lake Water Company may, after the effective date hereof and on or before October 1, 1942, execute to Calaveras Cement Company, a note or other evidence of indebtedness providing for the payment of \$32,500 for the engineering data referred to in this application, said note or other evidence of indebtedness to bear interest, if any, at not to exceed 6% per annum, and be payable on or before January 1, 1946 in such instalments as may be agreed upon by applicant and Calaveras Cement Company.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective when Clear Lake Water Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Thirty-three (\$33.00) Dollars.

IT IS HEREBY FURTHER ORDERED that Clear Lake Water

Company shall file with the Railroad Commission a copy of the note or other evidence of indebtedness executed under the authority herein granted.

Dated at San Francisco, California, this 19th
day of May, 1942.

Justin J. Casner
Ray & Wiley

Richard R. ...
Commissioners.

