

ORIGINALDecision No. 36959

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of application of Arvin Water Company, a corporation at Arvin, Kern County, California, for an order Authorizing the mortgage of its Physical Property.

Application No. 26042

BY THE COMMISSION:

O P I N I O N

Arvin Water Company is a public utility engaged in selling water in a portion of the Town of Arvin, Kern County. As of December 31, 1943, it reports assets and liabilities as follows:

<u>Assets</u>	
Fixed Capital	\$60,581.17
Cash	180.93
Accounts Receivable	<u>211.52</u>
Total Assets	<u>\$60,973.62</u>
<u>Liabilities</u>	
Capital Stock	\$27,000.00
Notes Payable	1,625.00
Consumers' Deposits	1,088.84
Miscellaneous Accounts Payable	13,336.51
Reserve for Accrued Depreciation	10,108.88
Corporate Surplus Unappropriated	<u>7,814.39</u>
Total Liabilities	<u>\$60,973.62</u>

For 1943, applicant had on the average 419 active service connections. Its operating revenues for that year are reported at \$15,405.44 and its net income at \$951.32.

Applicant asks permission to issue to the Bank of America National Trust and Savings Association its note for the principal sum of \$9,800, payable in monthly installments of \$225. The note bears interest at the rate of 5% per annum, payable monthly. A copy of the note is on file in this application. Applicant further asks permission to execute a mortgage of chattels and of real property to secure the payment of said note, together with additional advances not exceeding \$5,200. A copy of the mortgage is on file in this application.

Applicant intends to use the proceeds realized through the issue of the note to extend its water system to Lots 6 and 14 Foothills Citrus Farms Subdivision and to make some improvements to its existing water system. Consumers residing on Lots 6 and 14 Foothills Citrus Farms Subdivision presently obtain their water supply from an irrigation pipe line. The Kern County Department of Public Health has found that the water from this pipe line should not be used for domestic purposes and has condemned the water as being unsafe and as constituting a threat to the health of the community. The cost of the extension and improvements is estimated at \$9,436.

O R D E R

The Commission having considered the request of Arvin Water Company and it being of the opinion that this is

not a matter on which a hearing is necessary; that the money, property or labor to be procured or paid for by the issue of a note in the amount of \$9,800 is reasonably necessary; that the expenditures for the purposes herein indicated are not in whole or in part reasonably chargeable to operating expenses or to income, and that this application should be granted subject to the provisions of this Order, therefore,

IT IS HEREBY ORDERED as follows:

1. Arvin Water Company may, after the effective date hereof and on or before December 31, 1944, issue its 5% promissory note in the principal sum of \$9,800, said note to be in, or substantially in, the same form as the note on file in this application. Arvin Water Company shall use the proceeds realized through the issue of said note for the purposes set forth in this decision and more particularly described in its application.

2. Arvin Water Company may, after the effective date hereof and on or before December 31, 1944, execute a mortgage of chattels and of real property in substantially the same form as the mortgage of chattels and of real property on file in this application for the purpose of securing the payment of said note and additional advances or loans of not exceeding \$5,200, provided that the authority herein granted to execute a mortgage of chattels and of real property 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 mortgage of chattels and of real property as to such

other legal requirements to which said mortgage of chattels and of real property may be subject.

3. The authority herein granted will become effective when Arvin Water Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Twenty-five (\$25.00) Dollars.

4. Within thirty (30) days after the issue of the note herein authorized, Arvin Water Company shall file with the Railroad Commission a true and complete copy of the note and of the mortgage of chattels and of real property executed under the authority herein granted.

5. Upon the completion of the extension of its transmission and distribution system to serve said Lots 6 and 14 and the installation of the improvements to which reference is made in this application, Arvin Water Company shall file with the Commission a statement showing in detail the cost of such extensions and improvements.

Dated at San Francisco, California, this 28th day of March, 1944.

Richard Kachse

Justice F. Cooney

Francis C. Havens

Arthur W. Clark

Frank St. Paul
Commissioners.

