

Decision No. 37618

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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

ORIGINALApplication
No. 26496

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, California. As of November 30, 1944, applicant reports its assets and liabilities as follows:

Assets

Fixed Capital	\$69,416.90
Cash	461.00
Accounts Receivable	<u>401.28</u>
Total Assets	\$70,279.18

Liabilities

Capital stock	\$27,000.00
Notes payable	8,000.00
Due Arvin Realty Company	8,147.40
Accounts payable	397.20
Consumers' advances for construction	2,309.08
Consumers' deposits	118.00
Reserve for depreciation	10,108.88
Surplus	<u>14,198.62</u>
Total Liabilities	\$70,279.18

Pursuant to the authority granted by Decision No. 36959, dated March 28, 1944, applicant issued to the Bank of America National Trust and Savings Association its note for \$9,800 and secured the payment of such note by the execution of a first mortgage on its properties. There is now a balance of \$8,000 due on this note.

Applicant reports that a windstorm damaged its 10,000 gallon redwood water tower to such an extent that it has to be dismantled. It intends to replace the same with a 75,000 gallon steel tank at a cost of \$9,695. It further intends to make improvements to its two pumping plants at a cost of \$1,105.

For the purpose of paying for the new tank, the improvements to the pumping plants and the balance due on the note issued in 1944, applicant asks permission to issue to the Bank of America National Trust and Savings Association its note for \$18,800, payable in monthly installments of \$450 with interest at the rate of 5% per annum, payable monthly. Applicant further asks permission to execute a mortgage of chattels and of real property to secure the payment of such note. The mortgage will be a lien on all of applicant's properties now owned or hereafter acquired. It secures the payment of a maximum indebtedness of \$25,000. As said, at this time applicant asks permission to issue a note for \$18,800.

A copy of the proposed mortgage and note is on file in this application.

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 face amount of \$18,800 is reasonably required by applicant for the purposes herein stated; that the expenditures for such purposes 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 June 30, 1945, issue its 5% promissory note in the principal sum of not exceeding \$18,800, 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 the foregoing Opinion and more particularly described in this application.

2. Arvin Water Company may, after the effective date hereof and on or before June 30, 1945, execute a mortgage of chattels and of real property in, or substantially in, the same form as the mortgage of chattels and of real property on file in this application for the purposes of securing the payment of said note and additional advances or loans of not exceeding \$6,200, if and when the issue of said additional advances or loans are authorized by the Railroad Commission.

3. The authority herein granted will become effective when Arvin Water Company has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which minimum 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 a true and complete copy of the mortgage of chattels and of real property, executed under the authority herein granted.

5. Within ninety (90) days after the issue of said note Arvin Water Company shall file with the Railroad Commission a statement showing in detail the purposes for which it expended said \$18,800.

Dated at San Francisco, California, this 16th day of January, 1945.

Richard L. Lusk
James F. Galloway
Frank W. ...
Joseph F. ...
Charles ...
Commissioners

