

ORIGINAL

Decision No. 44238

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of the Lone Pine Water Co. for an
order authorizing the borrowing
of funds and the issue of notes
evidencing such indebtedness.

Application No. 30897

E. S. Rowan, Manager, and W. S. Vrooman,
Engineer, for applicant; Ralph Temperly
for Lone Pine Chamber of Commerce; and
W. J. Bauer for Lone Pine Union High
School District and Lo-Inyo Union
Elementary School District.

O P I N I O N

Lone Pine Water Company, a corporation, has applied to the Commission for authority to borrow a sum of money not to exceed \$10,000 and to issue notes in evidence of such indebtedness for the purpose of improving its water service and extending its system.

A public hearing on this application was held before Examiner Edwards on May 11, 1950, at Lone Pine. Following the hearing, upon leave having been granted, applicant filed additional information with respect to its plans to issue its notes.

Applicant is engaged in the business of rendering water service to approximately 350 customers located in and about the unincorporated town of Lone Pine, Inyo County. Its water supply is obtained by gravity from Lone Pine Creek and is conducted through approximately 1 mile of transmission main and 6 miles of distribution main to serve the customers. At the intake, there is a small desilting basin which is inadequate to take the sand and silt out of the water during the spring runoff season, or following flash storms, and

applicant accordingly proposes to construct a settling basin, with a capacity of 105,000 gallons, at the intake. It estimates the cost of such a basin at \$9,350 segregated as follows:

Gate valves and piping	\$2,000
Installation labor	400
Excavation	400
Concrete work	1,800
Paving	1,800
Inlet structure	600
Contingencies (5%) and contractor's profit (15%)	1,500
Subtotal	8,500
Engineering and overhead	850
Total	9,350

In addition, applicant reports the need for approximately \$1,000 to replace 1,000 feet of main and \$500 to add standby chlorination apparatus.

It is to meet, in part, the cost of these proposed improvements that applicant now proposes to borrow money. While applicant has not made final arrangements to obtain the entire amount covered by this application, it appears that it intends, if possible, to obtain the money from its stockholders through the issue of notes maturing in annual installments over a period of 10 years with interest at the rate of 6% per annum. In the event its stockholders do not subscribe to the entire issue within 30 days, none of the notes will mature before four years from date of issue and the entire amount loaned by each contributor will be evidenced by notes maturing annually beginning with the end of the fourth year after date of issue, instead of after the first year, and concluding at the close of the tenth year after said date. In the event not all of the funds are obtained from stockholders, applicant intends to borrow the additional amount it may need from Bank of America National Trust & Savings Association at Lone Pine, such bank borrowings to be payable over a period of three years with interest at the rate of 6% per annum.

The record shows that the proposed improvements are necessary. The order herein accordingly will authorize applicant to issue its notes under the terms outlined by it in this application. In the event applicant finds it necessary to execute a mortgage or deed of trust to secure the payment of its notes, it should file with the Commission a copy of the proposed instrument and a supplemental application requesting authority to execute the same.

O R D E R

A public hearing having been held on the above-entitled matter, and the Commission being of the opinion that the request of applicant should be granted as herein provided, that the money, property or labor to be procured or paid for through the issue of \$10,000 of notes is reasonably required by Lone Pine Water Company for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED as follows:

1. Lone Pine Water Company, after the effective date hereof and on or before December 31, 1950, may issue its notes in the aggregate principal amount not exceeding \$10,000, payable on or before ten (10) years after dates of issue with interest at not exceeding 6% per annum, in accordance with the program outlined in this application, and use the proceeds to finance the cost of the improvements referred to in the preceding opinion.
2. Lone Pine Water Company shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective when Lone Pine Water Company has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is \$25.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 26th day of May, 1950.

R. J. Dunning
James J. Collier
Harold P. Hull
Kenneth Potter
Commissioners.

