

ORIGINAL

Decision No. 31076

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
R. W. ADCOCK and KATHARINE L. ADCOCK
doing business under the firm name
and style of ADCOCK WATER CO., for
permission to execute and issue
additional promissory notes on the
present existing Deed of Trust and
Chattel Mortgage to Monterey County
Trust & Savings Bank, a corporation.

Application No. 22004

BY THE COMMISSION:

O P I N I O N

R. W. Adcock and Katharine L. Adcock, doing business under the firm name and style of Adcock Water Co., ask permission to issue a promissory note, or notes, in the principal amount of \$5,190.83 for the purpose of financing the estimated cost of additions and betterments aggregating \$3,075.00 and of paying existing notes of \$2,115.83 heretofore issued to pay for improvements to their water system. They further ask permission to issue additional notes to the amount of \$5,000.00 over a period of three years for the purpose of paying for extensions to their mains as they are required.

Applicants are engaged in the business of supplying water for domestic purposes near Salinas. For the year 1935 they reported service to 25 consumers, operating revenues of \$401.44 and net profits of \$296.19; for 1936, service to 75 consumers, operating revenues of \$1,424.80 and net profits of \$603.08; and for 1937, service to 103 consumers, operating revenues of \$1,890.90 and net profits of \$469.95. Their assets and liabilities as of April 30, 1938 are reported as follows:

ASSETS:

Investment in properties	\$10,868.90
Accounts receivable	538.64
Cash on hand and in bank	<u>136.24</u>
Total Assets	<u>\$11,543.78</u>

LIABILITIES:

Notes payable	\$ 4,141.20
Accounts payable	1,160.44
Meter deposits	49.50
Main extension deposits	131.73
Capital	<u>6,060.91</u>
Total Liabilities	<u>\$11,543.78</u>

Under authority heretofore granted by Decision No. 28779, dated May 4, 1936, as amended, applicants executed a deed of trust and chattel mortgage and issued their promissory note to Monterey County Trust & Savings Bank in the principal amount of \$3,000.00 payable in monthly installments of \$50.00 with interest at the rate of six percent per annum, to pay for additions and extensions to their water properties. The deed of trust and chattel mortgage were executed to secure the payment of not only said note for \$3,000. but also of such additional sums which might thereafter be loaned to applicants by Monterey County Trust & Savings Bank.

Applicants report that the growth of their business has required the installation from time to time of additional mains and facilities, necessitating the issue of their outstanding notes, and that it now is necessary, in order to insure constant and continued service of water, to provide a stand-by service which will call for the further expenditure of \$3,075.00 for the following:

250 foot, 10 inch cased well	\$ 750.00
300 A.P.M. turbine pump installed	1,250.00
200 A.P.M. pressure pump	200.00
30 Meters and fittings	600.00
Pump and tank fittings	175.00
Attorney's and other fees	<u>100.00</u>
Total	<u>\$3,075.00</u>

As stated, applicants now propose to issue, at this time, a new note, or notes, in the amount of \$5,190.83, payable in monthly installments of \$10.00 per \$1,000.00 with interest at the rate of six percent per annum and to use the proceeds to pay \$2,115.83 of their outstanding indebtedness and to provide the cost of the estimated expenditures of \$3,075.00. The note or notes, will be secured by the deed of trust and chattel mortgage executed under authority granted by Decision No. 28779 and now a lien on their properties.

Applicants have made no showing in support of the request to issue the remaining notes of \$5,000.00 other than the general statement that due to the growth in population in the territory in which they operate they will be required from time to time to increase the number of services and mains. The order herein in this connection accordingly, will provide in the event applicants issue notes in excess of \$5,190.83 that the proceeds realized shall be placed in a special bank account and expended only for such purposes as may be authorized by supplemental orders herein.

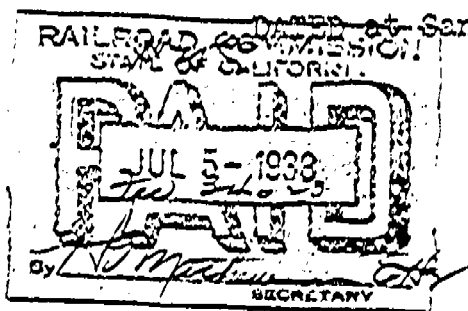
O R D E R

R. W. Adcock and Katharine L. Adcock, having applied to the Railroad Commission for permission to execute notes and the Commission having considered applicants' request and it being of the opinion that this is not a matter in which a public hearing is necessary, that the money, property, or labor to be procured or paid for is reasonably required for the purposes specified herein, 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 as herein provided, therefore,

IT IS HEREBY ORDERED, that R. W. Adcock and Katharine L. Adcock be, and they hereby are authorized to issue their promissory note

or notes, in the principal amount of \$10,190.83 payable in monthly installments of \$10.00 per \$1,000.00 with interest at the rate of not exceeding six percent per annum and to use \$2,115.83 of the proceeds to pay outstanding indebtedness and \$3,075.00 of the proceeds to finance the estimated cost of the additions and improvements referred to in the foregoing opinion, provided,

1. That the proceeds in addition to said \$2,115.83 and said \$3,075.00, in the event additional notes are issued, shall be deposited in a special bank account and expended only for such purposes as the Commission might hereafter authorize, and,
2. That applicants shall keep such record of the issue of the notes herein authorized and of the disposition of the proceeds as will enable them to file on or before the 25th day of each month a verified report as required by the Railroad Commission's General Order No. 24-A, which order in so far as applicable is made a part of this order, and,
3. That the authority herein granted will become effective when applicants have paid the minimum fee prescribed by Section 57 of the Public Utilities Act which fee is \$25.00, and,
4. That under the authority herein granted, no notes may be issued subsequent to June 30, 1939 unless such time is hereafter extended by the Commission.



Witness my hand and seal at San Francisco, California, this 30th day of June 1938.

[Handwritten signatures of four commissioners]

COMMISSIONERS