

Decision No. 31298

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of }
GLORIA GARDENS WATER COMPANY }
for permission to issue note and }
mortgage. }

Application No. 22192

BY THE COMMISSION:

OPINION

ORIGINAL

This is an application by Frank Merkle and Frank Merkle, Jr., co-partners, doing business under the firm name and style of Gloria Gardens Water Company, for an order authorizing them to issue to Bank of America, National Trust & Savings Association a note in the principal amount of \$4,200.00 payable in sixty monthly installments of \$70.00 and to use the proceeds for the purposes herein stated. ..

Applicants are engaged in the business of supplying water primarily for domestic use in Los Angeles County north of Long Beach. In their financial statement attached to the application they report, as of August 15, 1938, their investment in the water system at \$20,666.62 and in current assets at \$665.33, making a total of \$21,331.95. As of the same date they report current liabilities of \$108.02 and a depreciation reserve of \$6,367.49.

The business of the utility has been increasing, as shown in the following tabulation:-

<u>Calendar year</u>	<u>Operating Revenues</u>	<u>Net Operating Revenues</u>	<u>Consumers Dec. 31</u>
1937	\$5,351.54	\$ 958.72	283
1936	5,018.73	505.46	260
1935	4,426.75	435.87	231
1934	3,413.70	92.14	211

Applicants report that because of the increasing number of consumers it is necessary to replace some of their present two inch and three inch mains, which are said to be inadequate, with four inch and six inch pipe and to build a new and more suitable pump house. The estimated cost of the proposed improvements is \$3,500.00 as follows:-

1920 feet of four inch cast iron or Transite pipe	\$ 965.00
1336 feet of six inch cast iron or Transite pipe	1,028.72
31 copper services complete with boxes	162.75
Labor-3266 ditch feet	751.18
New pumphouse	300.00
Incidentals	<u>292.35</u>
Total	<u>\$3,500.00</u>

Applicants, as said, ask permission to issue to the Bank of America, National Trust and Savings Association their note for \$4,200.00, payable in monthly installments of \$70.00. If they pay the note prior to maturity, the Bank will refund the unearned interest.

Applicants seek in this application permission to execute the note and a mortgage of certain of their properties if that is necessary. Applicants have not, however, filed a copy of any mortgage which they might be called upon to execute, and further, have not indicated for certain that they will be requested to execute such an instrument. The order herein accordingly will authorize the issue by applicants of the note only. If it develops that they will be called upon in addition to execute a mortgage, or other instrument, they can at that time file a copy of the proposed instrument and request a supplemental order authorizing its execution.

ORDER

Frank Merkle and Frank Merkle, Jr., having applied to the Railroad Commission for permission to issue a note and mortgage and the Commission being of the opinion that this is not a matter in which a public hearing is necessary, that the application should be granted only as herein provided and that the money, property or labor to be

procured or paid for through the issue of the note is reasonably required by applicants for the purposes herein stated, therefore,

IT IS HEREBY ORDERED that Frank Merkle and Frank Merkle, Jr., doing business under the firm name and style of Gloria Gardens Water Company be, and they hereby are, authorized to issue, after the effective date hereof and prior to November 1, 1938, to Bank of America, National Trust and Savings Association, a note in the principal amount of \$4,200.00 in the same form as the note filed in this proceeding on September 22, 1938, and to use the proceeds to pay for the improvements referred to in the opinion preceding this order, provided-

1. That applicants shall keep such record of the issue of the note 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 report, as required by the Railroad Commission's General Order No. 24-A, which order insofar as applicable, is made a part of this order.
2. 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 Twenty-five (\$25.00) Dollars.

DATED at San Francisco, California, this 26th day of September, 1938.

Ray B. Wahler
Frank Decker
Ray L. King
Commissioners.

RAILROAD COMMISSION
FALL 1938
OCT 4, 1938
SECRETARY
JUN NO 34,167