

Decision No. 37766

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
MOUNTAIN PROPERTIES, INC., a Calif-  
ornia corporation, to Mortgage its  
Property.

Application No. 26572

**ORIGINAL**

BY THE COMMISSION:

O P I N I O N

Mountain Properties, Inc. owns and operates several small water utility systems in Orange and Los Angeles Counties. For 1944, it reports operating revenues of \$21,048.88 and operating expenses of \$20,775.95. Its net operating revenues amounted to \$272.93. Its investments in water properties are reported at \$85,979.55 and its reserve for accrued depreciation at \$13,789.58.

Applicant's petition shows that its officers are negotiating with the Reconstruction Finance Corporation for a loan of \$10,000.00. It intends to use the money to install a new pumping plant; to acquire three small water systems; to replace existing pipe lines, construct extensions and install meters. To represent the loan applicant asks permission to issue to the Reconstruction Finance Corporation its \$10,000.00 note bearing interest at the rate of 4% per annum, payable monthly. The principal is payable in monthly installments of \$250.00. A copy of the note is filed in this application as Exhibit E and a copy of the loan agreement as Exhibit D. To secure the payment of the note, applicant asks permission to execute a deed of trust (Exhibit C); a mortgage of chattels, which will be a lien on applicant's personal property other than its automotive equipment (Exhibit B); and a mortgage of chattels on its automotive equipment (Exhibit F). Further, J. L. Lyon, who owns eighty percent of applicant's stock and to whom applicant is indebted in the sum of \$24,680.96, has agreed to subordinate the payment

of said \$24,680.96 to the payment of the \$10,000.00 note. A copy of the standby agreement is on file in this application as Exhibit G.

Applicant proposes to drill, at an estimated cost of \$700.00 a new 150 foot, 6-inch well at its Hawaiian Gardens Plant. The cost of the pump and accessories is estimated at \$800.00. Adjacent to applicant's water systems are three small community water plants which applicant proposes to acquire at a cost of \$1,000.00. Applicant advises us that none of these three plants has been heretofore operated as a public utility water system. There are at present 66 consumers being served by the three plants. Applicant proposes to install about 1,500 feet of 4" transite pipe and 2,500 feet of 4" steel pipe to replace pipe which is in bad condition. It further intends to install about 235 meters in its Laurel Square and Orangewood service areas.

#### O R D E R

The Commission having considered the request of Mountain Properties, Inc., and it being of the opinion that this is not a matter on which a hearing is necessary; that the money, property or labor which will be procured or paid for by applicant through the issue of said \$10,000.00 note is reasonably required by it for the purposes herein stated; and that this application should be granted, subject to the provisions of this order; therefore,

#### IT IS HEREBY ORDERED AS FOLLOWS:

1. Mountain Properties, Inc. may, after the effective date hereof and on or before December 31, 1945, issue its promissory note for the sum of not exceeding \$10,000.00 with interest at the rate of not exceeding 4% per annum, payable monthly, said note to be in substantially the same form as the note filed in this application as Exhibit E. Mountain Properties, Inc. shall use the proceeds realized through the issue of said note for the following purposes:

- (a) To install new pumping plant at Hawaiian Gardens, about . . . . . \$ 1,500.00
- (b) To acquire three small water systems, . . . . . 1,000.00
- (c) To replace existing pipe lines and extend water systems, about . . . . . 2,800.00
- (d) To install meters on its water systems in which the use of water by consumers is so great as to make the flat rate inadequate, about . . . . . 4,700.00

2. Mountain Properties Inc., to secure the payment of said \$10,000.00 note, may execute and deliver a mortgage of chattels similar in form to the mortgage of chattels filed in this application as Exhibit B; a deed of trust similar in form to the deed of trust filed in this application as Exhibit C; a loan agreement similar in form to the loan agreement filed in this application as Exhibit D; a mortgage of chattels on automotive equipment similar in form to the mortgage of chattels in this application as Exhibit F; and a standby agreement similar in form to the agreement filed in this application as Exhibit G.

3. The authority herein granted will become effective when Mountain Properties, Inc. has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which minimum fee is \$25.00.

4. Within thirty (30) days after the issue of said note, Mountain Properties, Inc. shall file with the Railroad Commission a copy of the note issued under the authority herein granted, and shall, from time to time, file reports required by the Commission's General Order No. 24-A, which order, in so far as applicable, is made a part of this order.

Dated at San Francisco, California, this 3<sup>rd</sup> day of April, 1945.

L. Harold Anderson  
Justin J. Casper  
Richard L. Laska  
Frank W. Carr  
Frank L. Russell  
 Commissioners.

RECEIVED  
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