

ORIGINAL

Decision No. 42359

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
BARTON F. McGLOTHLEN and MARY JANE	:	
McGLOTHLEN, his wife, for authority)	Application
to issue a note secured by deed of	:	No. 29912
trust covering water utility properties)	
near San Bernardino, California.	:	
-----)	

O P I N I O N

In this application, Barton F. McGlothlen and Mary Jane McGlothlen, his wife, have applied to the Public Utilities Commission for permission to execute a deed of trust covering certain public utility water properties and to issue a note in the principal amount of \$13,000 for the purpose of paying outstanding indebtedness and of providing the cost of additional property.

Information before the Commission shows that applicants are engaged in numerous activities including ranching, real estate purchases and sales, construction contracting, and in the operation, under the firm name and style of Pioneer Gardens Water Company, of a public utility water system supplying water primarily for domestic purposes in San Bernardino County. The application shows that their books of account have included the financial transactions of all their activities with the transactions being segregated periodically for the preparation of annual reports to the Commission and of income tax reports. In Exhibit "C" attached to the present application they report their assets and liabilities, as of December 1, 1948, as follows:

Assets

Cash and accounts receivable	\$ 2,178.04
Fixed capital--water system	201,079.00
McGlothlen-Taylor (1/2 interest)	94,000.00
Real and personal property	<u>25,500.00</u>
Total	<u>\$322,757.04</u>

Liabilities

Current liabilities -		
Notes - American National Bank	\$2,000.00	
- Bank of America	750.00	
- Pioneer Title Insurance & Trust Company	<u>2,300.00</u>	
	<u>5,050.00</u>	
Accounts payable		
- Hunt & Van Slack Electric Company	1,136.70	
- Coe Machine Co.	900.00	
	<u>2,036.70</u>	
Total current liabilities		\$ 7,086.70
Mortgage indebtedness		11,000.00
Net worth		<u>204,670.34</u>
Total		<u>\$322,757.04</u>

The water system consists of 19 wells, of which 14 are fully equipped and in operation, and approximately 110,000 feet of steel pipe. At present more than 1,200 consumers are served, all of them being on a flat rate except three schools, which are metered. The annual reports to the Commission show that the water system produced operating revenues of \$15,523 in 1946 and \$20,176 in 1947 with, however, net losses of \$1,936 in 1946 and \$11,274 in 1947.

Applicants report that they desire to borrow \$13,000 to pay their presently outstanding current liabilities of \$7,086.70 and to obtain additional funds to meet capital requirements, estimated at \$5,965, arising from the construction of an office building and the purchasing of office equipment. The current liabilities are said to have been incurred for capital

necessary to operate the water system.

The money to be thus borrowed will be represented by a promissory note to Pioneer Title Insurance and Trust Company, payable at the rate of \$300 a month for the first twenty-four months and thereafter at the rate of \$200 a month, with interest at the rate of 6% per annum on the unpaid balances. The monthly payments include principal and interest.

The order herein will authorize the execution of the deed of trust and the issue of a note. In making this order the Commission is not passing on the amount included in the balance sheet as representing the cost of the water system, nor is it finding that all of the estimated expenditures are properly chargeable to the water properties.

O R D E R

The Public Utilities Commission having considered the above entitled matter and it being of the opinion that a public hearing thereon is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of a note for \$13,000 is reasonably required by applicants for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Barton F. McGlothlen and Mary Jane McGlothlen, his wife, after the effective date hereof and on or before February

15, 1949, may execute a deed of trust and issue a promissory note in the principal amount of \$13,000, in, or substantially in, the form of the deed of trust and the note filed in this proceeding as Exhibit "B", for the purpose of paying the outstanding indebtedness and of financing the cost of the additional property referred to in the preceding opinion and in this application.

2. Applicants shall file with the Commission a report, or reports, as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. 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 28th day of December, 1948.

R. Z. [unclear]
Justin F. Calver
Samuel [unclear]

Commissioners.

