

Decision No. 42896

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the)
Application of RUSKIN T. GARDNER,)
doing business as SUNKIST WATER)
COMPANY, for authority to issue)
a note.)
-----)

Application
No. 30283

O P I N I O N

This is an application for an order of the Public Utilities Commission authorizing Ruskin T. Gardner to issue a note, or notes, in the principal amount of \$15,350, for the purpose of paying indebtedness, of financing the cost of construction and of providing working capital, and to execute a deed of trust, a mortgage of chattels and an after-acquired property agreement to secure the payment of said note, or notes.

The application shows that applicant, doing business as Sunkist Water Company, has been engaged since 1943 in operating a public utility water system serving more than 250 consumers residing in and about the city of West Covina. The water system consists of three wells and pumping plants, one 3,000 gallon steel tank, two 4,000 gallon steel tanks, 35,811 feet of mains ranging in size from 2-inch to 8-inch, and 265 service connections with meters, boxes and valves. His annual reports to the Commission show his investment in fixed capital at the close of each of the years 1944 to 1948, inclusive, and the operating revenues, net income and active service connections for those years as follows:

	<u>Fixed Capital</u>	<u>Operating Revenues</u>	<u>Net Income</u>	<u>Active Service Connections</u>
1944	\$16,708	\$2,980	\$ (611)	130
1945	19,238	3,318	277	145
1946	41,192	4,171	153	190
1947	46,735	5,351	104	217
1948	70,235	6,908	(453)	259

The annual charges against the revenues for depreciation amounted to \$785 in 1944, \$821 in 1945, \$1,317 in 1946, \$1,630 in 1947 and \$1,887 in 1948.

By Decision No. 42470, dated February 1, 1949, in Application No. 29807, the Commission authorized applicant to increase his rates for water service. In the opinion in that decision it is stated that it is estimated the proposed rates would increase revenues by approximately \$2,100 annually.

Between December 31, 1948, and March 31, 1949, applicant increased his reported investment in fixed capital to \$91,826.48. His balance sheet, as of the close of March, 1949, is reported as follows:

Assets

Fixed capital installed	\$91,826.48
Cash	411.27
Accounts receivable--due from consumers	1,507.53
Prepaid insurance	77.31
Construction work in progress	<u>1,500.00</u>
Total assets	<u>\$95,322.59</u>

Proprietorship and Liabilities

Proprietorship account	\$48,552.48
Notes payable	5,250.00
Accounts payable:	
Audited vouchers unpaid--construction work	7,531.60
Work under construction	1,500.00
Consumers' deposits	12.50
Taxes accrued	125.00
Consumers' advances for construction	23,234.86
Reserve for accrued depreciation	<u>9,116.15</u>
Total liabilities	<u>\$95,322.59</u>

Applicant now desires to borrow \$15,350 from the Reconstruction Finance Corporation to enable him to discharge notes and accounts payable which were incurred in developing his water properties, to meet construction requirements made necessary by the growth within his service area, and to provide additional working capital. These purposes are set forth in some detail in the application as follows:

To pay bank notes		\$ 5,250.00
To pay accounts payable -		
For Sunset Avenue main	\$1,753.50	
For Willow Avenue main	54.93	
For tank connections, plant 3	594.68	
For service connections	566.56	
For tank and pump, plant 3	318.30	
For connections, plant 3	71.55	
For building, plant 3	525.06	
For meters and connections	999.63	
For legal services	414.12	
For new pump, plant 3	<u>2,233.27</u>	
Total accounts payable		7,531.60
To pay for work in progress -		
Electric panel switches	500.00	
Fence, gate, yard improvements	500.00	
Services and meters	<u>1,000.00</u>	
Total work in progress		2,000.00
To provide working cash		<u>568.40</u>
Total		<u>\$15,350.00</u>

The sum to be thus borrowed will be represented by a note, or notes, in the total amount of \$15,350, to be payable in monthly installments of \$400, commencing three months after the date of the note, or notes, with interest at the rate of 4% per annum. The payment of the note, or notes, will be secured by a deed of trust and by a mortgage of chattels covering his real estate and personal property used in the operation of a water system, by an after-acquired property agreement, and by an assignment to Reconstruction Finance Corporation of a policy of life insurance covering the life of applicant in an amount of not less

than \$15,000, effective for the term of the loan.

O R D E R

The Public Utilities Commission having considered the above entitled matter and 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, or notes, for \$15,350, is reasonably required by Ruskin T. Gardner 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:

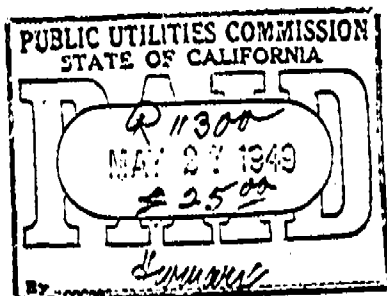
1. Ruskin T. Gardner, after the effective date hereof and on or before September 30, 1949, may issue a note, or notes, in the principal amount of not exceeding \$15,350, and use the proceeds to pay indebtedness, to finance construction costs, and to maintain and improve his service, all as set forth in some detail in the opinion preceding this order, and may execute a deed of trust, a mortgage of chattels and an after-acquired property agreement to secure the payment of said note, or notes, in substantially the same form as the deed of trust, the mortgage of chattels and the after-acquired property agreement filed in this proceeding.

2. Within sixty (60) days after the issue of the note, or notes, herein authorized, Ruskin T. Gardner shall file with the Commission a copy of the note, or notes, as actually issued and of

the deed of trust, the mortgage of chattels, and the after-acquired property agreement, together with a statement showing the purposes for which the proceeds obtained through the issue of the note, or notes, were used.

3. The authority herein granted will become effective when Ruskin T. Gardner has 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 24th day of May, 1949.



R. T. ...
James T. ...
Robert ...
Harold ...
... ..
Commissioners