

ORIGINAL

Decision No. 43131

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of BARTON F. MCGLOTHLEN  
and MARY JANE MCGLOTHLEN, doing  
business as PIONEER GARDENS WATER  
COMPANY, for authority to issue a  
note.

Application  
No. 30457

O P I N I O N

This is an application for an order of the Public Utilities Commission authorizing Barton F. McGlothlen and Mary Jane McGlothlen to execute a deed of trust and to issue a note in the principal amount of \$25,000 for the purpose of paying indebtedness, of financing the cost of new construction, and of providing working capital.

Barton F. McGlothlen and Mary Jane McGlothlen, husband and wife doing business under the firm name and style of Pioneer Gardens Water Company, are engaged in operating a public utility water system, primarily for domestic use, in San Bernardino County adjacent to the City of San Bernardino. In their financial reports on file with the Commission they have reported operating revenues of \$20,176.16 during 1947 and of \$25,702.37 during 1948, with a net operating loss of \$11,274.68 in 1947 and net operating revenues of \$4,284.89 during 1948. For the five months ending May 31, 1949, they report operating revenues of \$11,845.40, and net operating revenues of \$1,391.19.

Applicants' water system includes 19 wells and sites, 14 electric pumping plants fully equipped, 110,000 lineal feet, more or less, of steel pipe lines varying from 3 to 12 inches in diameter, and 1,500 service connections. In Exhibit "C" filed

in this proceeding they report their assets and liabilities as of May 31, 1949, as follows:

| <u>Assets</u>          |                 |                     |
|------------------------|-----------------|---------------------|
| Current assets-        |                 |                     |
| Cash (credit balance)  | \$ (354.73)     |                     |
| Accounts receivable    | 1,001.17        |                     |
| Special deposits       | 35.00           |                     |
| Materials and supplies | <u>1,534.42</u> |                     |
| Total current assets   |                 | \$ 2,215.86         |
| Fixed assets           |                 | 300,019.95          |
| Prepaid expenses       |                 | <u>6,695.44</u>     |
|                        | Total           | <u>\$308,931.25</u> |

| <u>Liabilities</u>        |               |                     |
|---------------------------|---------------|---------------------|
| Current liabilities-      |               |                     |
| Accounts payable          | \$5,995.00    |                     |
| Notes payable             | 1,000.00      |                     |
| Contracts payable         | 1,958.69      |                     |
| Taxes payable             | <u>308.48</u> |                     |
| Total current liabilities |               | \$ 9,262.17         |
| Long-term liabilities     |               | 17,320.76           |
| Consumers' advances       |               | 150.00              |
| Depreciation reserve      |               | 25,679.29           |
| Owners' investment        |               | <u>256,519.03</u>   |
|                           | Total         | <u>\$308,931.25</u> |

The long-term liabilities include, among other items, the sum of \$3,500 borrowed by applicants on their personal note and used in the operation of the water system, and the sum of \$12,320.76 representing the unpaid balance of the \$13,000 note authorized to be issued by Decision No. 42359, dated December 28, 1948, to pay for plant additions.

Applicants now desire to borrow from Pioneer Title Insurance and Trust Company the sum of \$25,000 for the purpose of paying indebtedness, of financing the cost of plant additions and of providing working capital as shown in Exhibit "A" filed in this proceeding as follows:

|   |                    |
|---|--------------------|
| Accounts payable for purchase of deep well pump,<br>office equipment and other property and expenses  | \$ 3,948.41        |
| Note payable to American National Bank  | 1,000.00           |
| Long-term liabilities of \$3,500 and \$12,320.76  | 15,820.76          |
| Pipelines required to connect Victoria Street to<br>new well. Well being purchased to alleviate<br>very low pressure and lack of volume in east<br>end of system, due to rapid decline of water<br>table causing present wells to produce lesser<br>quantity of water- estimated cost | 1,330.00           |
| Installing motor and panel (in stock) Victoria<br>Street well   | 275.00             |
| 1 Pressure Regulating Valve to be installed at<br>9th Street  | 120.00             |
| Labor to install pump, motor and electric panel<br>to alleviate extremely low pressure and lack<br>of volume in north end of system   | 300.00             |
| Labor installing new bowls at Well No. 6 to<br>increase volume  | 125.00             |
| Working capital required to take care of payrolls,<br>power bills, accounting, engineering, and legal<br>fees   | <u>2,100.00</u>    |
| Total   | <u>\$25,019.17</u> |

The sum to be thus borrowed will be represented by a note in the principal amount of \$25,000, with interest from date of issue at the rate of 6% per annum, principal and interest to be payable in monthly installments of \$450.00. The payment of the note will be secured by a deed of trust covering applicants' water system.

A copy of the proposed note and a copy of the proposed deed of trust have been filed in this proceeding as Exhibit "B".

### O R D E R

The Public Utilities Commission having considered the above entitled application and being of the opinion that a public hearing thereon is not necessary, that the application should be granted as provided herein, and that the money, property or labor to be procured or paid for through the issue of a note for \$25,000 is reasonably required by applicants for the purposes specified herein, therefore,

IT IS HEREBY ORDERED as follows:

1. Barton F. McGlothlen and Mary Jane McGlothlen, after the effective date hereof and on or before October 31, 1949, may execute a deed of trust and issue a promissory note in the principal amount of \$25,000, said deed of trust and said note to be in, or substantially in, the same form as those filed in this proceeding as Exhibit "B".

2. Applicants shall use the proceeds received through the issue of said note for \$25,000 to pay indebtedness, to finance the cost of construction and to maintain and improve its system, all as set forth in Exhibit "A" filed in this proceeding.

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

4. The authority herein granted will become effective when applicants have paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$25.00.

Dated at San Francisco, California, this 19<sup>th</sup> day of July 1949.

R. Z. [Signature]  
Justus F. Gaesler  
[Signature]  
Harold P. Huber  
[Signature]  
Commissioners

