

**ORIGINAL**Decision No. 42526

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of George D. Pollock, doing business as the East Monterey Water Service for an Order for the Approval of a Construction Loan for the said East Monterey Water Service, in the County of Monterey, State of California.

Application  
No. 30842

O P I N I O N

George D. Pollock, applicant herein, is engaged in the operation of the East Monterey Water Service for the distribution of water in and about the community of Seaside, approximately three miles northeast of the City of Monterey. <sup>(1)</sup> In this application, he seeks permission to borrow the sum of \$65,000 from the Salinas National Bank for the purpose of paying indebtedness incurred in the acquisition of materials and in the conduct of his business, and of financing the cost of improvements, as follows:

To pay unsecured notes	\$20,000
To pay accounts payable	10,000
To provide the cost of improvements-	
Enlargement of reinforced concrete reservoir from 100,000 gallons to 200,000 gallons	5,000
Extension of mains and replacement of 2 inch mains with 4 inch transite pipe and fittings	15,000
10,000 feet of 2 inch galvanized pipe	5,000
400 meters	8,000
Pump and motor equipment to double the capacity of well No. 2 on plant No. 3	2,000
Total	<u>\$65,000</u>

(1)

Applicant reports his investment in his water properties and business, as of November 30, 1949, at \$178,700, with liabilities of \$61,047. For the eleven months ending November 30, 1949, he reports revenues of \$26,329 and expenses of \$18,215, leaving net revenues of \$8,114.

The proposed loan will be represented by a note, secured by a deed of trust and a mortgage of chattels, payable in monthly installments of \$950 with interest on unpaid balances at the rate of not exceeding 6% per annum. The application indicates that arrangements are being negotiated whereby Reconstruction Finance Corporation may participate in the loan up to 70% thereof, and that to the extent of such participation, interest will be paid at the rate of 4% per annum, instead of 6%.

Applicant has need for the money he will obtain through the issue of the note.

O R D E R

The Commission has considered this matter and is 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 said note is reasonably required for the purposes specified herein and that the expenditures for said purposes, except as otherwise authorized, are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. George D. Pollock, after the effective date hereof and on or before March 31, 1950, for the purpose of paying indebtedness and of financing the cost of improvements, as set forth herein, may issue a note in the principal amount of not exceeding \$65,000, and may execute a mortgage of chattels and a deed of trust to secure the payment of said note, which note, mortgage of chattels and deed of trust shall be in, or substantially in, the

same from as those filed in this proceeding as Exhibit A, Exhibit B and Exhibit C, respectively.

2. George D. Pollock shall file with the Commission monthly reports as required by 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 George D. Pollock has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$65.00.

Dated at San Francisco, California, this 20<sup>th</sup> day of December 1949.

R. F. Johnson  
Justin P. Casper  
W. H. F. Kell  
Harold P. Kibel  
Herbert W. Totten  
Commissioners

