

Decision No. 45303

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

In the Matter of the Application of  
 R. W. Adcock and Katharine L. Adcock,  
 doing business under the firm name  
 and style of ADCOCK WATER CO., for  
 permission to execute and issue  
 promissory note or notes and Deed  
 of Trust and Chattel Mortgage to  
 The Salinas National Bank, a corpor-  
 ation.

Application  
 No. 32033

ORIGINAL

O P I N I O N

This is an application of R. W. Adcock and Katharine L. Adcock for an order of the Commission authorizing them to issue a note in the principal amount of \$58,376.54 for the purpose of paying indebtedness and of financing the cost of additions and improvements to their water properties, and to execute a deed of trust and a mortgage of chattels to secure the payment of said note.

Doing business under the firm name of Adcock Water Co., applicants are engaged in supplying water to approximately 1,900 consumers in a service area near Salinas, Monterey County. Their annual reports for the years 1946 to 1949, inclusive, show the number of active service connections at the end of each year, and the operating revenues and net income before provision for income taxes, as follows:

	<u>Service Connections</u>	<u>Operating Revenues</u>	<u>Net Income</u>
1946	1,248	\$30,559.79	\$ 3,189.92
1947	1,639	39,568.56	5,444.36
1948	1,778	45,750.81	5,566.78
1949	1,884	54,394.94	10,099.82

Applicants report their assets and liabilities as of November 30, 1950, as follows:

Assets

Fixed capital		\$240,137.65
Current assets -		
Cash	\$ 9,610.58	
Accounts receivable	<u>1,942.65</u>	
Total current assets		<u>11,553.23</u>
Total		<u>\$251,690.88</u>

Liabilities

Long-term debt		\$ 1,376.54
Current liabilities -		
Notes payable	\$50,000.00	
Accounts payable	<u>4,181.02</u>	
Accrued taxes	<u>151.48</u>	
Total current liabilities		<u>54,332.50</u>
Consumers' advances for construction		39,748.23
Donations in aid of construction		4,374.60
Reserve for depreciation		78,831.91
Proprietorship		<u>73,027.10</u>
Total		<u>\$251,690.88</u>

The long-term debt of \$1,376.54 and the short-term notes payable of \$50,000 represent amounts borrowed from Salinas National Bank to pay for additions to the water properties.

Applicants now desire to consolidate the two items of indebtedness and extend the time for payment of the same, and to borrow additional funds for capital improvements. They report that they have need for approximately \$7,000 to pay for a pumping site, to extend their mains, to improve and fence present pumping stations, and to provide for incidental expenditures. Accordingly, they have made, or are making, arrangements to obtain the sum of \$58,376.54 from Salinas National Bank to accomplish these purposes.

The sum to be thus borrowed will be represented by a note bearing interest at the rate of 6% per annum and payable in monthly installments of \$300 for the first two years, of \$400 for the next two years, and of \$500 for the next six years, with final payment to be made ten years after its date. The payment of the note will be secured by a deed of trust and by a mortgage of chattels.

A review of the application indicates that applicants will have need for the funds to be obtained through the issue of the proposed note to improve their financial position and to finance the cost of improvements.

O R D E R

The 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 the note herein authorized 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. R. W. Adcock and Katharine L. Adcock, after the effective date hereof and on or before July 31, 1951, may issue a note in the principal amount of not exceeding \$58,376.54 for the purposes indicated in this application, and may execute a deed of trust and a mortgage of chattels, in, or substantially in, the same form as the note, deed of trust and mortgage of chattels filed in this proceeding.
2. 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.
3. 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 fifty-seven (\$57.00) dollars.

Dated at San Francisco, California, this 30<sup>th</sup> day of  
January, 1951.

R. Z. [Signature]  
Justice J. C. [Signature]  
Harold H. [Signature]

[Signature]

Commissioners

