

ORIGINAL

Decision No. 49002

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
M. W. DOBRZENSKY, Executor of the	:	
Estate of Bertha Dobrzensky (Newman)	Application
Water Works), for authority to	:	No. 34621
borrow money for the purpose of)	
paying indebtedness.	:	
-----)	

O P I N I O N

This is an application for an order authorizing M. W. Dobrzensky, as Executor of the Estate of Bertha Dobrzensky, to execute a deed of trust and a mortgage of chattels covering the Newman Water Works and to issue a note in the principal amount of \$20,000.

The water system known as the Newman Water Works is used in the distribution of water for domestic, business and industrial purposes in and about Newman. The revenues from the operation of the system and the expenses incident thereto for the calendar year 1952 and for the first six months of 1953 are set forth in financial statements filed with the Commission, and are summarized as follows:

	<u>1952</u>	<u>6 Mos. 1953</u>
Revenues	\$25,993.25	\$12,617.60
Expenses (exc. depreciation)	<u>18,714.68</u>	<u>10,097.00</u>
Balance	7,278.57	2,520.60
Interest charges	<u>379.73</u>	<u>62.15</u>
Net before depreciation	6,898.84	2,458.45
Depreciation	<u>3,564.27</u>	<u>1,306.11</u>
Net income before income taxes	<u>\$ 3,334.57</u>	<u>\$ 652.34</u>

According to the latest annual report filed with the Commission covering the operations of this utility, the operative properties include three wells, one storage tank having a capacity of 100,000 gallons, and a distributing system serving approximately 600 consumers. It is reported that the investment in plant as of June 30, 1953, was \$43,392.03 and that the amount had been provided primarily

with proprietary capital. As of the end of June of this year there were outstanding only current liabilities of \$2,513.58 and consumers' advances of \$1,975.00, except for amounts advanced by the Estate of Bertha Dobrzensky.

It now appears that a new and larger well is considered necessary and desirable for the proper operation of the water system and that arrangements have been, or are being, made to drill a 14-inch well, equipped with a new pump and the necessary connecting mains, at an estimated cost ranging between \$18,000 and \$20,000. The application shows that the executor has negotiated a loan from Bank of Newman in an amount of not exceeding \$20,000, said loan to be represented by a note repayable at the rate of \$250 a month, or more, plus interest at the rate of 6% per annum, with ultimate maturity 80 months after the date set for the payment of the first installment under the loan, which installment will become payable on the first day of the month in which the work is completed.

It is reported that a loan in the maximum amount of \$20,000 also will enable applicant to liquidate an unpaid balance of \$1,027.34 payable to Bank of America National Trust and Savings Association representing short-term borrowings for the purchase and installation of meters.

From a review of this matter it appears that applicant's earnings should be ample to support the proposed note issue. We are of the opinion that the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required by applicant for the purposes specified herein, that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that the application should be granted. Accordingly, an order will be entered in this proceeding.

O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing is not necessary and that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. M. W. Dobrzensky, as Executor of the Last Will and Testament of Bertha Dobrzensky, Deceased, may execute a deed of trust and a mortgage of chattels and may issue a promissory note in the principal amount of not exceeding \$20,000 for the purposes set forth in this application, which note, deed of trust and mortgage of chattels shall be in, or substantially in, the same form as those filed in this proceeding.

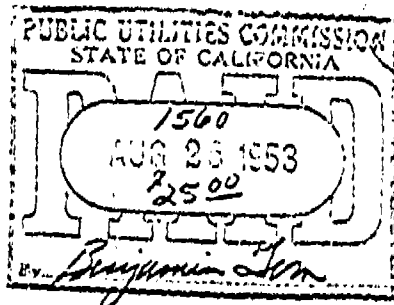
2. Applicant shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. The authority herein granted will become effective when applicant has paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.00.

Dated at San Francisco, California, this 25th day of August, 1953.

A. J. Anderson
President

James J. Cassier
John E. [unclear]



Commissioners