

Decision No. 50308**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
 CLARENCE F. BERTSCH, doing business)
 as THE LOLETA WATER WORKS, for an)
 order authorizing the issuance of a)
 promissory note and a deed of trust)
 securing said note.)
 -----)

Application
 No. 35590

OPINION AND ORDER

Clarence F. Bertsch, doing business as The Loleta Water Works, has filed this application for authority to issue a promissory note in the principal amount of \$10,000 and to execute a deed of trust to secure the payment of said note, for the purpose of paying or refunding outstanding indebtedness, of financing new construction and of providing working capital.

Applicant is engaged in the business of supplying water to consumers in and about the unincorporated town of Loleta, in Humboldt County. He reports his investment in assets and his liabilities and net worth as of December 31, 1953, as follows:

Assets

Current assets		\$ 1,900.57
Tangible properties	\$40,947.66	
Less: Depreciation reserve	<u>12,744.80</u>	<u>28,202.86</u>
	Total assets	<u>\$30,103.43</u>

Liabilities

Accounts and short-term notes payable		\$ 5,100.52
Accounts payable--C. Bertsch		3,368.20
Note payable--Bank of Loleta		2,170.00
Proprietor's net worth		<u>19,464.71</u>
	Total liabilities	<u>\$30,103.43</u>

For the year ended December 31, 1953, applicant reports his operating revenues at \$8,913.30 and his net income at \$512.38 after deducting \$2,439.11 as depreciation expense.

Applicant now reports that he desires to issue a promissory note in the principal amount of \$10,000 and to use the proceeds to refund notes payable in the amount of \$2,170 to the Bank of Loleta and to finance the cost of new construction already completed or to be undertaken. The new construction consists of:

Well, pump and new transmission line	\$1,500
Expanded facilities to provide adequate service to Golden State Company plant	3,200
Chlorinating plant and sand trap	<u>3,130</u>
Total	<u>\$7,830</u>

The note which applicant proposes to issue will be payable to Peter C. Lorenzen and Ingeborg Lorenzen. It is to be repaid in installments of \$90 a month including interest on the unpaid balance at the rate of 6% per annum. As security for the note applicant proposes to execute a deed of trust on his real property. A copy of the note and of the deed of trust are attached to the application as Exhibit A and Exhibit B, respectively.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, 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, 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. Clarence F. Bertsch, doing business as The Loleta Water Works, after the effective date hereof and on or before December 31, 1954, may execute a deed of trust and issue a promissory note in the principal amount of not exceeding \$10,000 and may use the proceeds for the purposes specified herein. The note and deed of trust shall be in, or substantially in, the same form as those filed in this proceeding as Exhibit A and Exhibit B, respectively.

2. Applicant 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 applicant has paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.00.

Dated at Los Angeles, California, this 27th day of July, 1954.

John E. Mitchell
President

James J. Casper
Lawrence Potter

Deane Roggens

Commissioners

