

Decision No. 52837

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of Jack Sollis, Warren Sollis and :
James Vaughn, dba HIGHWAY CITY) Application No. 37822
WATER SYSTEM, for authority to :
issue note of indebtedness.)
----- :

OPINION AND ORDER

This is an application for an order authorizing Jack Sollis, Warren Sollis and James Vaughn to execute a conditional sale contract providing for deferred payments in the aggregate amount of \$2,051.04 for the purpose of financing a portion of the cost of new pumping equipment.

Applicants are engaged in operating the Highway City Water System for the distribution of water to approximately 450 customers in Highway City, Fresno County. For the year 1955, they reported operating revenues of \$10,644, and a net operating loss of \$625, after deducting \$1,598 for depreciation and \$4,800 for partners' salaries. Their balance sheet shows a net investment in utility plant of \$17,430 at the end of 1955, financed by partnership capital of \$10,445, and approximately \$5,000 of current and accrued liabilities, and \$2,000 of advances for construction.

It appears that during October, 1955, in order to maintain uninterrupted service, applicants were forced to replace

an old pump at a total cost of \$2,959.46. They did not have sufficient current funds to pay the entire amount and arranged to borrow \$1,873 from Bank of America National Trust and Savings Association, the borrowing to be represented by a conditional sale contract in the amount of \$2,051.04, which includes a time sales charge of \$178.04, payable in 24 monthly installments of \$85.46.

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 execution of the conditional sale contract herein authorized is reasonably required by applicants for the purpose specified herein, and that such purpose, except for the time sales charge, is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Jack Sollis, Warren Sollis and James Vaughn, on and after the effective date hereof and on or before June 30, 1956, may execute a conditional sale contract providing for deferred payments of not exceeding \$2,051.04 for the purpose set forth in this application, said contract to be in, or substantially in, the same form as that filed in this proceeding as Exhibit II.

2. Within 30 days after the execution of said conditional sale contract, applicants shall file with the Commission a copy thereof as actually executed.

3. The authority herein granted will become effective when applicants have paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.

Dated at San Francisco, California, this 3rd day of April, 1956.

John E. Mitchell
President
Justus J. Caswell
Raymond L. Linterman
William J. Dooly
Commissioners

