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ORIGINAL

Decision No. \_\_\_\_\_

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the application of )	
BRUCE E. BAIRD and NEVA B. BAIRD cba :	
BRUCE E. BAIRD WATER COMPANY to )	
borrow money and execute promissory :	Application No. 38948
note therefor and secure the same by )	
deed of trust and chattel mortgage. :	
----- )	

OPINION AND ORDER

This is an application for an order of the Commission authorizing Bruce E. Baird and Neva B. Baird to execute a deed of trust and a mortgage of chattels and to issue a note in the principal amount of \$13,500 for the purpose of refinancing outstanding indebtedness.

Applicants are engaged in the operation of a water system under the name of Bruce E. Baird Water Company serving approximately 300 consumers in a portion of the City of Salinas. Exhibit A attached to the application shows total assets of the water system amounting to \$29,445.45 at December 31, 1956, offset by liabilities of \$16,149.34 and proprietorship capital of \$13,296.11.

In connection with the financing of their water system applicants incurred an indebtedness of \$13,500 in 1953, represented by a note payable to Salinas National Bank bearing interest at the rate of 6% per annum, which now has an outstanding balance of approximately \$11,000. They now desire to restore their borrowing to the original amount and they have made arrangements to issue a new note in the principal amount of \$13,500 to Crocker-Anglo National Bank, successor to Salinas National Bank. The proposed note provides for

payments in equal successive monthly installments of \$150 each, including interest at the rate of 7% per annum on unpaid principal, to be paid in full five years after its date. Such note is to be secured by a deed of trust and a mortgage of chattels covering the water system property described in Exhibit B and Exhibit C attached to the application, on standard forms of Crocker-Anglo National Bank.

Applicants propose to expend the \$13,500 proceeds to be derived from the proposed note to pay the aforementioned balance of approximately \$11,000 on the existing note, and also to pay various creditors for supplies and material furnished by them for the water business.

It appears that applicants have sources of income from real estate and related enterprises in addition to that derived from the water business, and that they are in a good financial position. It does not appear, however, that a 7% interest rate is warranted, and, based upon information now before us, we believe that the interest rate on the proposed note should not exceed 6%.

Upon reviewing the application, we are of the opinion that a public hearing is not necessary, that the application should be granted, only 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 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. Bruce E. Baird and Neva B. Baird, on and after the effective date hereof and on or before June 30, 1957, may execute a deed of trust and a mortgage of chattels and may issue a note in the

principal amount of not exceeding \$13,500, payable in equal successive monthly installments of \$150 each, including interest at the rate of not exceeding 6% per annum on unpaid principal, to be paid in full five years after its date, for the purposes set forth in this proceeding.

2. Bruce E. Baird and Neva B. Baird shall file with the Commission within 30 days after its issue, a copy of the note as actually issued.

3. The authorization herein granted is for the issue of a note only and is not to be construed as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

4. 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 16<sup>th</sup> day of APRIL, 1957.

[Signature]  
President

[Signature]

[Signature]

[Signature]

[Signature]  
Commissioners

