

Received _____

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SEWER UTILITIES

U# SWR#292

2018 ANNUAL REPORT OF

MCMOR CHLORINATION, INC. dba INTERSTATE 5 UTILITY COMPANY

4700 DISTRICT BLVD. BAKERSFIELD, CA. 93313

TO THE
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
FOR THE YEAR ENDED DECEMBER 31, 2018

REPORT MUST BE FILED NO LATER THAN MARCH 31, 2018

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SEWER UTILITIES

MCMOR CHLORINATION, INC.

(Name under which corporation, partnership or individual is doing business)

4700 DISTRICT BLVD. BAKERSFIELD, CA. 93313

(Official mailing address)

RURAL TRUCK STOP NORTHWEST OF BAKERSFIELD, CA ON INTERSTATE 5 (KERN COUNTY)

(Service area-town and county)

GENERAL INFORMATION

RETURN ORIGINAL
TO COMMISSION
NO PHOTOCOPIES

- 1 If a corporation show:
 (A) Date of organization Mar-08 incorporated in the State of CA
 (B) Names, titles and addresses of principal officers: DENNIS GATSON - CEO
BILL MORRIS - VP, BILL REDMOND - SEC.
- 2 If unincorporated give the name and address of owner or of each partner:

- 3 Name and telephone number of:
 (A) One person listed above to receive correspondence: 6613239400
 (B) Person responsible for operations and services: DENNIS GATSON

- 4 Were any contracts or agreements in effect with any organization or person covering service, supervision and/or management of your business affairs during the year? (Yes or No) NO
 If so, what was the nature and the amount of each payment made under the agreement, to whom were payments made, and to what account was each payment charged?

- 5 State the names of associated companies or persons which, directly or indirectly, or through one or more intermediaries, control, or are controlled by, or are under common control with respondent: N/A

- 6 This annual report was prepared by:

Name of firm or consultant: HUBBELL & ASSOCIATES

Address of firm or consultant: 1601 F STREET BAKERSFIELD, CA. 93301

Phone Number of firm or consultant: 6617168300

PUBLIC HEALTH STATUS

- 7 Has state or local health department inspection been made during the year?
- 8 Are routine laboratory tests of sewer being made?
- 9 Has state health department sewer supply permit been obtained? (Indicate date)
- 10 If no permit has been obtained, state whether application has been made and when.
- 11 Show expiration date if state permit is temporary.
- 12 List Name, Grade, and License Number of all Licensed Operators:

Yes	No	Latest Date
<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	

JORGE VILLEGAS 29031 - GRADE 3, RAYMON ARREDONDO 36599 - GRADE 5

DECLARATION

(PLEASE VERIFY THAT ALL SCHEDULES ARE ACCURATE AND COMPLETE BEFORE SIGNING)

I, the undersigned _____ **DENNIS GATSON**
Officer, Partner, or Owner (Please Print)

of _____ **MCMOR CHLORINATION, INC. dba INTERSTATE 5 UTILITY COMPANY**
Name of Utility

under penalty of perjury do declare that this report has been prepared by me, or under my direction, from the books, papers and records of the respondent; that I have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs of the above-named respondent and the operations of its property for the period of January 1, 2017, through December 31, 2017.

_____ **CEO**
Title (Please Print)

_____ 
Signature

_____ **6613239400**
Telephone Number

_____ **4/30/19**
Date

SCHEDULE B-3
Accounts 408, 409, 410 - Taxes Charged During the Year

Line No.	Type of Tax (a)	Distribution of Taxes Charged		Total Taxes Charged During Year (d)
		Sewer (b)	Nonutility (c)	
1	408 Taxes other than income taxes:			
2	408.1 Property taxes			\$ -
3	408.2 Payroll taxes			\$ -
4	408.3 Other taxes and licenses	2,074		\$ 2,074
5	Total taxes other than income taxes	\$ 2,074	\$ -	\$ 2,074
6				
7	409 State corporate income tax			\$ -
8	410 Federal corporate income tax			\$ -
9	Total income taxes	\$ -	\$ -	\$ -
10				
11	Total	\$ 2,074	\$ -	\$ 2,074

SCHEDULE B-4
Accounts 421, 426 - Income and Expense from Non-Utility Operations

Line No.	Description (a)	Non-Utility Income Acct. 421 (b)	Miscellaneous Non-Utility Expense Acct. 426 (c)
1			
2			
3			
4			
5		\$ -	\$ -

SCHEDULE B-5
Account 427 - Interest Expense

Line No.	Description (a)	Amount (b)
1	Interest on SDWBA loan	
2	Interest on other (give details below):	6,827
3	SEARS NOTE PAYABLE INTEREST	
4		
5		
6		
7		
8		
9		
10		\$ 6,827

SCHEDULE B-2
Account 401 - Operating Expenses

Line No.	Acct. No.	Account (a)	Amount Current Year (b)
1		PLANT OPERATION AND MAINTENANCE EXPENSES	
2		VOLUME RELATED EXPENSES	
3	610	Purchased Sewer	
4	615	Power	28,037
5	618	Other Volume Related Expenses	
6		Total volume related expenses	\$ 28,037
7			
8		NON-VOLUME RELATED EXPENSES	
9	630	Employee Labor	-
10	640	Materials	12,823
11	650	Contract Work	41,419
12	660	Transportation Expense	-
13	664	Other Plant Maintenance Expenses	4,200
14		Total non-volume related expenses	\$ 58,442
15		Total plant operation and maintenance exp.	\$ 86,479
16			
17		ADMINISTRATIVE AND GENERAL EXPENSES	
18	670	Office Salaries	-
19	671	Management Salaries	-
20	674	Employee Pensions and Benefits	
21	676	Uncollectible Accounts Expense	
22	678	Office Services and Rentals	-
23	681	Office Supplies and Expenses	
24	682	Professional Services	3,480
25	684	Insurance	
26	688	Regulatory Compliance Expense	9,808
27	689	General Expenses	210
28		Total administrative and general expenses	\$ 13,498
29	800	Expenses Capitalized - Credit (Optional)	
30	900	Clearing Accounts (Optional)	
31		Net administrative and general expense	\$ 13,498
32		Total Operating Expenses	\$ 99,977

SCHEDULE B-1
Account 400 - Operating Revenues

Line No.	Acct. No.	Account (a)	Amount Current Year (b)
1		SEWER SERVICE REVENUES	
2	460	Unmetered sewer revenue	
3		460.1 Residential, Single-family, Multiple Dwelling Units	
4		460.2 Commercial and Miscellaneous	
5		460.3 Large Sewer Users	
6		460.4 Safe Drinking Water Bond/SRF Surcharge	
7		460.5 Other Unmetered Revenue	
8		Subtotal	\$ -
9			
10	462	Fire protection and hydrant revenue	
11		462.1 Public Fire Protection	
12		462.2 Private Fire Protection	
13		Subtotal	\$ -
14			
15	465	Irrigation revenue	
16			
17	470	Metered sewer revenue	
18		470.1 Residential, Single-family, Multiple Dwelling Units	
19		470.2 Commercial and Multi-residential Master Metered	
20		470.3 Large Sewer Users	
21		470.4 Safe Drinking Water Bond Surcharge	
22		470.5 Other Metered Revenues	
23		Subtotal	\$ -
24		Total sewer service revenues	\$ -
25			
26	480	Other sewer revenue	147,170
27		Total Operating Revenues	\$ 147,170

**SCHEDULE B
INCOME STATEMENT**

Line No.	Acct. No.	Account (a)	Schedule Number (b)	Amount (c)
1		UTILITY OPERATING INCOME		
2	400	Operating Revenues	B-1	147,170
3				
4		OPERATING REVENUE DEDUCTIONS		
5	401	Operating Expenses	B-2	99,977
6	403	Depreciation Expense	A-2	-
7	407	SDWBA/SRF Loan Amortization Expense	A-2	4,000
8	408	Taxes Other Than Income Taxes	B-3	2,074
9	409	State Corporate Income Tax Expense	B-3	-
10	410	Federal Corporate Income Tax Expense	B-3	-
11		Total operating revenue deductions		\$ 106,051
12		Total utility operating income		\$ 41,119
13				
14		OTHER INCOME AND DEDUCTIONS		
15	421	Non-Utility Income	B-4	-
16	426	Miscellaneous Non-Utility Expense	B-4	-
17	427	Interest Expense (excluding SDWBA)	B-5	6,827
18	427	Interest Expense (SDWBA)	B-5	-
19		Total other income and deductions		\$ (6,827)
20		Net income		\$ 34,292

SCHEDULE A-9
Account 218 - Proprietary Capital
(Sole Proprietor or Partnership)

Line No.	Item (a)	Amount (b)
1	Balance beginning of year	
2	Add: Credits	
3	Net income	
4	Additional investments during year	
5	Other credits (detail)	
6	Total Credits	\$ -
7	Less: Debits	
8	Net losses	
9	218.1 Proprietary Drawings	
10	Other debits (detail):	
11		
12		
13	Total Debits	\$ -
14	Balance end of year	\$ -

SCHEDULE A-10
Account 224 - Long-Term Debt

Line No.	Lender, CPUC Order No. (a)	Date of Issue (b)	Date of Maturity (c)	Balance End of Year (d)	Rate of Interest (e)	Interest Accrued During Year (f)	Interest Paid During Year (g)
1	N/P-SEARS			105,103	5.00%		6,827
2							
3							
4							
5							
6							
7							
8			Total	\$ 105,103		\$ -	\$ 6,827

SCHEDULE A-6		
Account 206 - Subchapter S Corporation Accumulated Adjustments Account		
Line No.	Description of Items (a)	Amount (b)
1	Balance beginning of year	
2	Credit:	
3	Net Income	
4	Accounting Adjustments	
5	Total Credits	\$ -
6	Debit:	
7	Net Loss	
8	Accounting Adjustments	
9	Dividends	
10	Total Debits	\$ -
11	Balance end of year	\$ -

SCHEDULE A-7		
Account 211 - Other Paid in Capital (Corporations only)		
Line No.	Description of Items (a)	Balance End of Year (b)
1		
2		
3		
4		
5	Total	\$ -

SCHEDULE A-8		
Account 215 - Retained Earnings (Corporations Only)		
Line No.	Item (a)	Amount (b)
1	Balance beginning of year	3,231
2	Add: Credits	
3	Net income	34,292
4	Prior period adjustments	
5	Other credits (detail)	
6	Total Credits	\$ 34,292
7		
8	Less: Debits	
9	Net losses	
10	Prior period adjustments	
11	Dividend appropriations - preferred stock	
12	Dividend appropriations - common stock	
13	Other debits (detail)	
14	Total Debits	-
15	Balance end of year	\$ 37,523

SCHEDULE A-3
Account 201 - Common Stock

Line No.	Class of Stock (a)	Number of Shares Authorized by Articles of Incorporation (b)	Par Value of Stock Authorized by Articles of Incorporation (c)	Number of Shares Outstanding ¹ (d)	Balance End of Year (e)	Dividends Declared During Year	
						Rate (f)	Amount (g)
1	common stock				\$ 268		\$ -
2					\$ -		\$ -
3					\$ -		\$ -
4					\$ -		\$ -
5					\$ -		\$ -
6				Total	\$ 268		\$ -

¹ After deduction for amount of reacquired stock held by or for the respondent.

SCHEDULE A-4
Account 204 - Preferred Stock

Line No.	Class of Stock (a)	Number of Shares Authorized by Articles of Incorporation (b)	Par Value of Stock Authorized by Articles of Incorporation (c)	Number of Shares Outstanding ¹ (d)	Balance End of Year (e)	Dividends Declared During Year	
						Rate (f)	Amount (g)
1							
2							
3							
4							
5							
6				Total	\$ -		\$ -

¹ After deduction for amount of reacquired stock held by or for the respondent.

SCHEDULE A-5
Record of Stockholders at End of Year

Line No.	COMMON STOCK Name (a)	Number Shares (b)	PREFERRED STOCK Name (c)	Number Shares (d)
1	DENNIS GATSON	33		
2	WILLIAM REDMOND JR	34		
3	WILLIAM MORRIS JR	33		
4				
5				
6				
7				
8				
9	Total number of shares	100	Total number of shares	-

SCHEDULE A-2
Accounts 108, 108.1, 108.2, 108.3, 122 - Depreciation and Amortization Reserves

Line No.	Item (a)	Account 108	Account 108.1	Account 108.2	Account 108.3	Account 122
		Accumulated Depreciation of Sewer Plant (b)	Accumulated Amortization of SDWBA/SRF (c)	Accumulated Depreciation of Sewer Plant - Grant Funds (d)	Accumulated Depreciation of Sewer Plant - Other (e)	Accumulated Depreciation of Non-Sewer Utility Property (f)
1	Balance in reserves at beginning of year		4,000		51,286	
2	Add: Credits to reserves during year					
3	(a) Charged to Account 272					
4	(b) Charged to Account 403					
5	(c) Charged to Account 407		4,000			
6	(d) Charged to Account 426					
7	(e) Charged to clearing accounts.					
8	(f) Salvage recovered					
9	(g) All other credits					
10	Total Credits	\$ -	\$ 4,000	\$ -	\$ -	\$ -
11	Less: Debits to reserves during year					
12	(a) Book cost of property retired					
13	(b) Cost of removal					
14	(c) All other debits					
15	Total debits	\$ -	\$ -	\$ -	\$ -	\$ -
16	Balance in reserve at end of year	\$ -	\$ 8,000	\$ -	\$ 51,286	\$ -
17						
18	(1) COMPOSITE DEPRECIATION RATE USED FOR STRAIGHT LINE REMAINING LIFE %					
19						
20	(2) EXPLANATION OF ALL OTHER CREDITS:					
21						
22						
23						
24						
25						
26	(3) EXPLANATION OF ALL OTHER DEBITS:					
27						
28						
29						
30						
31						
32	(4) METHOD USED TO COMPUTE INCOME TAX DEPRECIATION					
33	(a) Straight line					
34	(b) Liberalized					
35	(1) Sum of the years digits					
36	(2) Double declining balance					
37	(3) Other					
38	(c) Both straight line and liberalized					

**SCHEDULE A-1
SEWER UTILITY PLANT**

Line No.	Acct No.	Title of Account (a)	Balance Beg of Year (b)	Plant Additions During year (c)	Plant (Retirements) During year (d)	Other Debits* or (Credits) (e)	Balance End of year (f)
1	101	Sewer Plant in Service (Sch A-1a)	110,279	-	-	-	\$ 110,279
2	101.1	Sewer Plant In Service - SDWBA/SRF (Sch A-1b)	-	-	-	-	\$ -
3	101.2	Sewer Plant In Service - Grant Funds (Sch A-1c)	-	-	-	-	\$ -
4	101.3	Sewer Plant In Service - Other					\$ -
5	103	Sewer Plant Held for Future Use					\$ -
6	104	Sewer Plant Purchased or Sold		86,766			\$ 86,766
7	105	Construction Work in Progress - Sewer Plant					\$ -
8	105.1	Construction Work in Progress - SDWBA/SRF					\$ -
9	105.2	Construction Work in Progress - Grant Funds					\$ -
10	105.3	Construction Work in Progress - Other					\$ -
11	114	Sewer Plant Acquisition Adjustments					\$ -
12		Total utility plant	\$ 110,279	\$ 86,766	\$ -	\$ -	\$ 197,045

* Debit or credit entries should be explained by footnotes or supplementary schedules

**SCHEDULE A-1a
Account 101 - Sewer Plant in Service (Excluding SDWBA/SRF, Grant Funds)**

Line No.	Acct No.	Title of Account (a)	Balance Beg of Year (b)	Plant Additions During year (c)	Plant (Retirements) During year (d)	Other Debits* or (Credits) (e)	Balance End of year (f)
1		NON-DEPRECIABLE PLANT					
2	301	Intangible Plant	60,000				\$ 60,000
3	303	Land					\$ -
4		Total non-depreciable plant	\$ 60,000	\$ -	\$ -	\$ -	\$ 60,000
5							
6		DEPRECIABLE PLANT					
7	304	Structures					\$ -
8	307	Wells					\$ -
9	311	Pumping Equipment					\$ -
10	317	Other Sewer Source Plant					\$ -
11	320	Sewer Treatment Plant					\$ -
12	330	Reservoirs, Tanks and Standpipes					\$ -
13	331	Sewer Mains					\$ -
14	333	Services and Meter Installations					\$ -
15	334	Meters					\$ -
16	335	Hydrants					\$ -
17	339	Other Equipment	50,279				\$ 50,279
18	340	Office Furniture and Equipment					\$ -
19	341	Transportation Equipment					\$ -
20		Total depreciable plant	\$ 50,279	\$ -	\$ -	\$ -	\$ 50,279
21		Total sewer plant in service	\$ 110,279	\$ -	\$ -	\$ -	\$ 110,279

* Debit or credit entries should be explained by footnotes or supplementary schedules

**SCHEDULE A
BALANCE SHEET
Liabilities and Other Credits**

Line No.	Acct. No.	Title of Account (a)	Schedule Number (b)	Balance End of Year (c)
1		CORPORATE CAPITAL AND RETAINED EARNINGS		
2	201	Common Stock	A-3	268
3	204	Preferred Stock	A-4	-
4	206	Subchapter S Corporation Accumulated Adjustments Account	A-6	-
5	211	Other Paid-in Capital	A-7	-
6	215	Retained Earnings	A-8	37,523
7		Total corporate capital and retained earnings		\$ 37,791
8				
9		PROPRIETARY CAPITAL		
10	218	Proprietary Capital	A-9	-
11				
12		LONG TERM DEBT		
13	224	Long-term Debt	A-10	105,103
14				
15		CURRENT AND ACCRUED LIABILITIES		
16	230	Payables to Affiliated Companies		
17	231	Accounts Payable		28,806
18	232	Short-term Notes Payable		
19	233	Customer Deposits		
20	236	Taxes Accrued		
21	237	Interest Accrued		
22	241	Other Current Liabilities		
23		Total current and accrued liabilities		\$ 28,806
24				
25		DEFERRED CREDITS		
26	252	Advances for Construction	F	-
27	253	Other Credits		
28	255	Accumulated Deferred Investment Tax - Credits		
29	282	Accumulated Deferred Income Taxes - Accel. Tax Depreciation		
30	283	Accumulated Deferred Income Tax Liabilities		
31		Total deferred credits		\$ -
32				
33		CONTRIBUTIONS IN AID OF CONSTRUCTION		
34	265	Contributions in Aid of Construction		
35	272	Accumulated Amortization of Contributions (negative number)		
36		Net Contributions in Aid of Construction		\$ -
37		Total Liabilities and Other Credits		\$ 171,700

**SCHEDULE A
BALANCE SHEET
Assets and Other Debits**

Line No.	Acct. No.	Title of Account (a)	Schedule Number (b)	Balance End of Year (c)
1		UTILITY PLANT		
2	101	Sewer Plant in Service (Excluding SDWBA/SRF, Grant Funds)	A-1, A-1a	110,279
3	101.1	Sewer Plant in Service - SDWBA/SRF	A-1, A-1b	-
4	101.2	Sewer Plant in Service - Grant Funds	A-1, A-1c	-
5	101.3	Sewer Plant in Service - Other	A-1	-
6	103	Sewer Plant Held for Future Use	A-1	-
7	104	Sewer Plant Purchased or Sold	A-1	86,766
8	105	Construction Work in Progress - Sewer Plant	A-1	-
9	105.1	Construction Work in Progress - SDWBA/SRF	A-1	-
10	105.2	Construction Work in Progress - Grant Funds	A-1	-
11	105.3	Construction Work in Progress - Other	A-1	-
12	114	Sewer Plant Acquisition Adjustments	A-1	-
13		Total Utility Plant		\$ 197,045
14	108	Accumulated Depreciation of Sewer Plant	A-2	-
15	108.1	Accumulated Amortization of SDWBA/SRF loan	A-2	(8,000)
16	108.2	Accumulated Depreciation of Sewer Plant - Grant Funds	A-2	-
17	108.3	Accumulated Depreciation of Sewer Plant - Other	A-2	(51,286)
18		Total Accumulated Depreciation/Amortization		\$ (59,286)
19		Net Utility Plant		\$ 137,759
20				
21		INVESTMENTS		
22	121	Non-utility Property and Other Assets		
23	122	Accumulated Depreciation of Non-Sewer Utility Property	A-2	-
24		Net non-utility property		\$ -
25	123	Investments in Affiliated Companies		
26	124	Other Investments		
27		Total Investments		\$ -
28				
29		CURRENT AND ACCRUED ASSETS		
30	131	Cash		12,197
31	132	Cash - Special Deposits		
32	141	Accounts Receivable - Customers		21,744
33	142	Receivables from Affiliated Companies		
34	143	Accumulated Provision for Uncollectible Accounts		
35	151	Materials and Supplies		
36	174	Other Current Assets		
37		Total current and accrued assets		\$ 33,941
38				
39	180	Deferred Charges		
40	181	Accumulated Deferred Income Tax Assets		
41				
42		Total Assets and Other Debits		\$ 171,700