

Decision No. 44109**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )

WATER WORKS OF MONTA VISTA, LTD., )

for authority to borrow money and to )  
increase rates. )  
----- )Application  
No. 30234  
(First Supplemental)FIRST SUPPLEMENTAL OPINION

The Commission in its ordering paragraph No. 3 in the order in Decision No. 43210, dated August 16, 1949, authorized Water Works of Monta Vista, Ltd., on or before November 30, 1949, to issue a note in the principal amount of not exceeding \$35,525, payable in annual installments of \$1,750 or more with interest at the rate of 5% per annum, and to execute a deed of trust and a mortgage of chattels to secure the payment of the same, for the purpose of financing the cost of additions to its facilities. In ordering paragraph No. 4 of the order in said decision, the Commission directed the company to file a copy of the note, of the deed of trust and of the mortgage of chattels as actually issued and executed.

In a supplemental application filed in this proceeding on April 21, 1950, the company reports that it has not issued the note for the reason that it has been unable to obtain the loan from various banking institutions, that in October it made application to the Reconstruction Finance Corporation, and that the Reconstruction Finance Corporation did not approve its application until January 17, 1950. On that date the Reconstruction Finance Corporation

authorized a loan to applicant in the principal amount of \$35,000, to be represented by a note payable in monthly installments of \$350 with interest on the unpaid principal at the rate of 4% per annum, with final payment to be made ten years from the date of the note. The loan authorization provides, among other things, for collateral security for the note consisting of a mortgage on applicant's real and personal property, a mortgage on certain lots owned by Chester Damico, Jr. and Rudolph V. Frates, the holders of applicant's outstanding stock, and the joint and several guaranty of said Chester Damico, Jr. and Rudolph V. Frates. In addition, the authorization requires applicant to execute agreements relating to the compensation to be paid its officers, the maintenance of insurance and an after-acquired property clause, and to execute an agreement that it will not, without the prior written consent of the agency manager of the Reconstruction Finance Corporation, expend or obligate itself to expend in any one year, in excess of \$2,000, in the aggregate, for development, research, acquisition of capital assets other than those presently contemplated, and the improvement of its assets.

Applicant requests that the Commission make its supplemental order permitting it to issue the note under the terms set forth in the supplemental application, and to execute the agreements necessary to consummate the loan.

The record in this application shows that applicant has need for the funds to be obtained through the issue of the note to improve its service. A supplemental order accordingly will be entered.

FIRST SUPPLEMENTAL ORDER

The Commission having considered the first supplemental application filed in this proceeding, and being of the opinion that a public hearing thereon is not necessary and that the request of applicant should be granted, as herein provided,

IT IS HEREBY ORDERED as follows:

1. Ordering paragraph No. 3 of the order in Decision No. 43210, dated August 16, 1949, is hereby amended to read as follows:

"3. That applicant, after the effective date hereof and on or before July 31, 1950, may issue a note in the principal amount of not exceeding \$35,000, for the purpose of financing the cost of the proposed facilities referred to in this application, and may execute a mortgage of chattels and of real property to secure the payment of said note, which note and mortgage of chattels and of real property shall be in, or substantially in, the same form as those filed with the first supplemental application in this proceeding as Exhibit A and Exhibit B, respectively, it being the opinion of the Commission that the money, property or labor to be procured or paid for through the issue of said note is reasonably required by applicant for the purpose specified herein, and that said purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. Applicant may execute such other documents as may be required by Reconstruction Finance Corporation to consummate said loan."

2. Ordering paragraph No. 4 of the order in said Decision No. 43210, dated August 16, 1949, is hereby amended to read as follows:

"4. That applicant shall file with this Commission a copy of the note and mortgage of chattels and of real property as actually issued and executed under the authority herein granted, said filing to be made within thirty (30) days after the date of such instruments, and shall also file reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order."

This order is effective upon the date hereof.

Dated at San Francisco, California, this 2<sup>nd</sup> day  
of May, 1950.

A. E. Anderson

Harry R. Russell

Harold H. Hill

Herbert P. Potter  
Commissioners

Commissioner.....Justus E. Graemer, being  
necessarily absent, did not participate  
in the disposition of this proceeding.