

ORIGINAL

Decision No. 46882

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of DEL MAR UTILITIES,)	
a California corporation, to	:	
encumber operating property in)	
the sum of \$25,000 for purpose	:	Application
of financing an addition to the)	No. 33190
corporation's sewage disposal	:	
plant.)	
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O P I N I O N

Del Mar Utilities, applicant herein, is a corporation engaged, among other things, in operating a water distribution system in Del Mar, San Diego County, and in operating a sewer system. In this application it reports that it desires to execute a deed of trust to secure the payment of a promissory note in the principal amount of \$25,000 to be issued to finance the cost of additions to its sewage disposal plant.

Applicant was organized under the laws of the State of California on February 6, 1908. Its Articles of Incorporation authorize it to engage in the water distribution business and in other activities, and

"To purchase, lease, construct, reconstruct, improve, complete, renew, enlarge, extend, or otherwise acquire, maintain and operate all buildings, works, equipment, licenses, franchises, rights, easements and property of every kind, whether real, personal or mixed, necessary or convenient for all or any of the following uses or purposes, to-wit: a sanitary sewer system or systems; the collection, transportation and disposal of garbage, rubbish, trash and waste of all kinds; . . ."

The application shows that the present sewage treatment plant owned and operated by applicant was constructed in 1928 with a design capacity for a population of 400, that at present the plant is

servicing a population of 1,000, that applicant has entered into a contract with the Twenty-second District Agricultural Association of the State of California to receive, process, treat and dispose of sewage from the fair grounds of that organization, and that improvements and additions to the sewage plant are necessary to provide the required capacity and to meet the standards of the State Board of Health and Water Pollution Board No. 9. The contract provides for the annual payment of \$2,700 by the association to applicant for its services, the amount being subject to adjustment in the event the association discontinues certain activities.

The estimated costs of the new facilities are reported at \$35,000. It appears that applicant does not have funds on hand to meet these costs and that it has arranged to borrow the sum of \$25,000 from private sources. The sum to be borrowed will be represented by a note in favor of James B. Dixon and Ethel M. Dixon payable in monthly installments of \$200 including interest at the rate of 6% per annum. A copy of the proposed note and a copy of the form of a deed of trust to secure its payment have been filed in this proceeding as Exhibit E.

We are informed that the deed of trust will cover the sewer properties only. Accordingly, applicant may execute it without obtaining the consent of the Commission. The proposed note, however, will run for a period of more than twelve months and as such is an evidence of indebtedness as defined in the Public Utilities Code requiring the Commission's authorization. In our opinion the issue may be authorized so long as it does not place a burden on the water distribution system or the customers attached to that system and does not threaten the solvency of the corporation. It is appropriate, therefore, to make reference to applicant's earnings position.

Exhibit A filed in the proceeding shows, for the year 1951, revenues from the water system of \$36,023.16 with a net loss of \$281.89, after deducting depreciation charges of \$5,857.85, and revenues from the sewer system of \$3,819.42 with a net profit of \$610.57, after deducting depreciation charges of \$608.84. The contract with the association, dated January 10, 1952, will provide applicant with additional annual revenues for its sewer system up to \$2,700, although these revenues will be reduced to \$1,500 in the event the association discontinues horse racing or fairs.

Upon the information submitted in this proceeding, we are warranted in making an order authorizing the issue of said note.

O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing thereon is not necessary; that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for through the issue of the note herein authorized is reasonably required by applicant for the purpose specified herein; and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Del Mar Utilities, after the effective date hereof and on or before September 30, 1952, may issue a note in the principal amount of not exceeding \$25,000 for the purpose set forth in this proceeding, such note to be in, or substantially in, the same form as that attached to the application and identified as Exhibit E.

2. Applicant shall file with the Commission a true copy of the note as actually executed, together with a copy of the deed of trust, such filing to be made within thirty (30) days after delivery of said note.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is twenty-five (\$25.00) dollars.

Dated at San Francisco, California, this 25th day of March, 1952.

[Signature]
President

[Signature]

[Signature]

[Signature]

Commissioners

