

ORIGINAL

Decision No. 50092

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
)
 of)
)
 YERBA BUENA WATER COMPANY, a cor-)
 poration, for an order authorizing)
 it to borrow funds and execute a)
 written contract to evidence repay-)
 ment of same.)
 -----)

Application
No. 35427

O P I N I O N

In this application Yerba Buena Water Company requests authority to enter into an agreement with the State of California, Department of Public Works, Division of Highways, covering the relocation of water mains and providing for the repayment to the State of California, over a period of not exceeding ten years, of the relocation costs.

Applicant is a California corporation engaged in the business of distributing and selling water for domestic purposes in certain areas of the shoreline of the Pacific Ocean westerly of the westerly boundary of Los Angeles County line in the County of Ventura. It now reports that the State of California, through the Department of Public Works, Division of Highways, is changing the location and grade of its Pacific Coast Highway for a distance of approximately three miles in Ventura County and that the construction is in an area where several of its water distribution lines are located. Applicant further reports that it has been notified by the state that it must relocate the water mains at its own expense so

that they will not interfere with the highway construction work. It estimates the cost of the relocation work at \$24,576. Applicant is willing to relocate its water mains and acknowledges that it is liable in law to make and to pay for the cost of said relocations. It alleges that it does not have, at the present time, the necessary funds with which to finance the cost of the relocation work. Because of these factors applicant has entered, or proposes to enter, into an agreement with the state, a copy of which is attached to the application as Exhibit A, which provides for advances by the state of the funds to expedite the relocation of the necessary mains and provides for the repayment to the state of any funds advanced to applicant in ten equal yearly installments.

It appears that applicant is being called upon to execute a document whereby it will agree and will become obligated to make certain payments of certain sums over a period of more than twelve months after the date of such instrument. It is our opinion that such agreement, to the extent it provides for payments by applicant, will constitute an evidence of indebtedness as defined by Section 817 of the Public Utilities Code and that applicant accordingly is required to obtain the Commission's prior approval before becoming obligated to make such payments.

It appears that the execution of such agreement is necessary to enable applicant to relocate its lines in order to facilitate the highway construction work, and in our opinion the money, property or labor to be procured or paid for by the execution of the same is reasonably required for such purpose, as the utility's financial statements indicate it does not have sufficient cash on hand to finance the estimated costs.

O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing is not necessary and that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Yerba Buena Water Company may incur obligations providing, among other things, for the repayment to the State of California of not exceeding \$24,576 over a period of ten years in equal annual installments, representing moneys advanced to cover the cost of relocating certain of its pipelines.

2. Applicant shall advise the Commission in writing of the action taken by it under the authorization herein granted.

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

Dated at San Francisco, California, this 1st day of June, 1954.

John E. Mitchell
President

Justus J. Calmes
Wesley H. Potter
Gene Higgins

Commissioners

