

**ORIGINAL**

Decision No. 55416

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of AZUSA VALLEY WATER COMPANY, a corporation, for authority to borrow money and execute a Loan Agreement, Mortgage, and Promissory Notes.

Application No. 37877  
(Second Supplemental)

THIRD SUPPLEMENTAL ORDER

By Decision No. 52885, dated April 17, 1956, as amended, the Commission authorized Azusa Valley Water Company to execute a loan agreement with The Lincoln National Life Insurance Company whereby the company agreed to make \$1,000,000 available to the utility. The decision authorized the company to draw down \$500,000 of the credit thus established and to issue \$500,000 of 4-1/2 per cent notes, due February 29, 1976.

In a supplemental application filed on July 17, 1957, the company seeks authorization to borrow an additional \$275,000 and to issue notes in that amount, similiar in form to those heretofore issued, for the following purposes:

- 1. To pay for a new well including all equipment therefor, to be drilled at 17018 East Gladstone Street, Azusa, California . . . . . \$55,000
  - 2. To pay for approximately 6,000 ft. of 24" I.D. cement lined steel pipe to connect applicant's upper reservoir with its Griffith Reservoir plus additional back-up facilities . . . . . 95,000
  - 3. To pay refunds due May 1, 1957 on outstanding subdividers' advance contracts, for revenues from said contracts received in the calendar year 1956 . . . . . 125,000
- Total \$275,000

It appears that the new well will be 600 ft. deep and 24" in diameter and will be equipped with a Layne and Bowler 400 hp. motor and pump designed to produce 4,000 g.p.m. In general, the construction and equipping of the new well and also of the additional pipeline facilities will be performed by outside contractors.

As to the refunds on subdividers' advance contracts, it appears that the company does not have sufficient funds on hand to liquidate the amounts and that external moneys are necessary for this purpose. The company's 1956 annual report shows net income of \$64,400, after making provision for depreciation in the amount of \$49,343, the two items aggregating \$113,743, as compared with refunds of \$125,000. The company's balance sheet of March 31, 1957 shows its net investment in fixed capital in the amount of \$2,621,258 and its long-term debt in the amount of \$1,897,848, consisting of \$500,000 of outstanding notes and \$1,397,848 of subdividers' advance contracts. The total long-term debt thus aggregates approximately 72 per cent of the recorded net investment.

Upon a review of the above-entitled matter, we are of the opinion that the application should be granted by an ex parte order, that the money, property or labor to be procured or paid for by the issue of the notes herein authorized is reasonably required by applicant 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. Azusa Valley Water Company may issue its promissory note, or notes, on or before December 31, 1957, in the principal amount of \$275,000, under the terms set forth in this proceeding. Applicant shall use the proceeds for the purposes set forth in the supplemental application filed on July 17, 1957.

2. Azusa Valley Water Company shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. The authority herein granted will become effective when Azusa Valley Water Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$275.

Dated at San Francisco, California, this 20<sup>th</sup> day of August, 1957.

[Signature]  
President

[Signature]

[Signature]

[Signature]

Commissioners

