

ORIGINAL

Decision No. 56251

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the application
of BIG BEAR PINES WATER COMPANY,
a California corporation, pursuant
to provisions of Sections 816 -
830 and Sections 851 - 853 of the
Public Utilities Code to execute
a promissory note to Pacific Water
Co. to mature in two years

Application No. 39703

O P I N I O N

In this application Big Bear Pines Water Company, a corporation, seeks authorization to issue a promissory note to Pacific Water Co., a corporation, in the sum of \$63,054.89, said note to mature two years after its date and to bear interest at the rate of 6% per annum.

Big Bear Pines Water Company is engaged in operating a public utility water system near Big Bear Lake, San Bernardino County. According to information contained in this application and in annual reports filed with the Commission all its outstanding capital stock is owned by J. L. Lyon, who also owns more than 90 per cent of the outstanding common stock of Pacific Water Co., a public utility corporation which has advanced to Big Bear Pines Water Company the sum of \$53,054.89, including interest to April 30, 1957, to enable Big Bear Pines Water Company to finance construction costs, and which now proposes to advance an additional \$10,000 to maintain the operations.

The following statement, prepared from Exhibit A, shows the assets, liabilities and capital of Big Bear Pines Water Company as of July 31, 1957:

<u>Assets</u>		
Utility plant, less reserve		\$176,735
Current assets		2,035
Deferred debits		<u>3,937</u>
Total		<u>\$182,707</u>
<u>Liabilities and Capital</u>		
Current liabilities		\$ 52,053
Contracts payable		27,789
Deferred credits		1,700
Capital -		
Common stock	\$ 500	
Capital surplus	164,010	
Earned surplus	<u>(63,345)</u>	
Total capital		<u>101,165</u>
Total		<u>\$182,707</u>

From time to time the Commission has had occasion to review applicant's operations. By its decision entered today on Application No. 34541, the Commission authorized Big Bear Pines Water Company to file schedules of rates which are designed to produce net operating revenues of \$550, an amount equivalent to a return of 0.8% on the rate base of \$69,700 which was found reasonable in the decision. The Commission included in the rate base 30 per cent of the total amount in the distribution mains account.

It appears to us that the revenue producing plant and the rates as found reasonable and as authorized in the decision concurrently being issued in Application No. 34541 will not support a

total borrowing of \$63,054.89 as proposed in this application and in our opinion the request of the company should be denied.

O R D E R

The Commission having considered the above-entitled matter and being fully advised in the premises, therefore,

IT IS HEREBY ORDERED that Application No. 39703 of Big Bear Pines Water Company be, and it hereby is, denied.

The effective date of this order shall be 20 days after the date hereof.

Dated at San Francisco, California, this 18th day of February, 1958.

President

 Commissioners