

ORIGINAL

Decision No. 61366

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of TEMESCAL WATER
COMPANY for authorization of
issuance of promissory note.

Application No. 43001
Filed December 27, 1960

OPINION AND ORDER

In this application Temescal Water Company seeks an order approving an \$80,000 note which was issued by it on September 29, 1960.

The note was issued to Security First National Bank (Corona Branch) for the purpose of refinancing existing obligations of \$55,000, of providing working capital of \$10,000, and of meeting the cost of improvements of \$15,000. The note is unsecured, is payable in semi-annual installments of \$8,000 each and bears interest at the bank's prime rate plus 1% per annum, but in no event less than 4-1/2% nor more than 6-1/2%.

The Public Utilities Code declares void a note or other evidence of indebtedness of a public utility, payable later than 12 months after its date, if issued without an order of the Commission authorizing the issue thereof then in effect. We have considered this matter and we are of the opinion, and so find and conclude, that we have no authority to approve or ratify a void note, but that, if appropriate,

we can authorize the issue of a new note to take the place of the note issued without Commission authorization. In the present case, it clearly appears that the moneys borrowed on September 29, 1960 were utilized for proper purposes, that the assets and operations of the company should be sufficient to support and to service the indebtedness, and that an ex parte order is warranted authorizing the issue of a new note; therefore,

IT IS HEREBY ORDERED as follows:

1. Temescal Water Company, on or after the effective date hereof and on or before April 30, 1961, may issue a note in the principal amount of not to exceed \$80,000 in place of the note heretofore issued by the company on September 29, 1960, it being the opinion of the Commission that the money, property or labor to be procured or paid for through the issue of the note herein authorized is reasonably required for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

2. The authorization herein granted is for the issue of a note only and is not to be construed as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

