

ORIGINAL

Decision No. 63558

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of Chester L. and Lucy M. Beltz, husband and wife, dba C. L. Beltz Water System for authority to issue a new Deed of Trust and Chattel Mortgage and Notes not exceeding a total of \$50,000.00.

Application No. 44303
Filed March 29, 1962

O P I N I O N

This is an application for an order of the Commission authorizing Chester L. Beltz and Lucy M. Beltz, his wife, applicants herein, to execute a deed of trust and a chattel mortgage, and to issue notes in the aggregate principal amount of \$50,000 for the purpose of paying outstanding indebtedness and of financing the cost of additions and betterments.

Applicants are engaged in operating the C. L. Beltz Water System serving approximately 1,200 customers in a portion of the County of Santa Cruz. They report that they have need for additional funds to improve the system, in keeping with the accelerated rate of growth in the area in which they serve, and that they have arranged to borrow the sum of \$50,000 from County Bank of Santa Cruz to finance, in part, the following:

Balance due on existing bank loan authorized by Decision No. 56903, dated July 1, 1958, in Application No. 40152	\$11,164.26
Unsecured note issued to finance pipe and fittings for replacing an old steel line	1,000.00
20 - 1" meters @ \$30	600.00
50 - 5/8" x 3/4" meters @ \$30	1,500.00
2 additional well sites	4,000.00
890 ft. of 6" pipe @ \$4.25 to replace existing mains	3,782.50
3,300 ft. of 8" pipe @ \$5.50 to replace existing mains	18,150.00
2 wells - drilling and casing	6,676.00
2 pumps and fittings	10,000.00
2 pump houses	1,000.00
Total	<u>\$57,872.76</u>

The proposed borrowing, aggregating \$50,000, will be represented by 6-1/2 percent notes payable in equal monthly installments over a period of ten years from date of issuance of the first note. Payment of the notes will be secured by a deed of trust and a chattel mortgage. Applicants contemplate that the construction program will require from 18 to 20 months to complete and, in order to hold interest costs to a minimum, they propose to borrow \$25,000 upon approval of this application and the remainder as needed but prior to December 31, 1963.

As of December 31, 1961, applicants report current assets of \$12,830 and current liabilities of \$6,759. They report that they have invested in utility plant the sum of \$142,917, after deducting the accumulated depreciation reserve, and that the bulk of the financing has been by means of proprietary capital, the amount of such capital being set forth at \$130,968. For the year 1961 applicants report operating

revenues of \$45,033, with operating income of \$11,113, after providing for depreciation accruals of \$5,646.

From a review of the application it appears that applicants will have need for additional funds from external sources to enable them to meet capital requirements, and that the assets and earnings of the water system should be ample to support the proposed borrowings.

Records of the Commission show that the C. L. Beltz Water System was originally acquired and operated by C. L. Beltz, also known as Charles L. Beltz, pursuant to authority granted by Decision No. 28568, dated February 17, 1936, in Application No. 20189. It appears, however, that said Charles L. Beltz, the father of applicant Chester L. Beltz, died during the year 1947, and that an order in the Superior Court of the State of California in and for the County of Santa Cruz dated January 12, 1949, among other things, distributed C. L. Beltz Water System to Chester L. Beltz. For the purpose of clarifying the ownership of said water system, the order herein will include appropriate transfer authorization.

The Commission has considered this matter and finds and concludes that (1) the transfer of the C. L. Beltz Water System from the Estate of Charles L. Beltz, Deceased, to Chester L. Beltz is not adverse to the public interest; (2) the proposed note issues are for proper purposes; (3) the money, property or labor to be procured or paid for by the

issue of the notes herein authorized is reasonably required for the purposes specified herein; and (4) such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we will enter an order granting the application.

The action taken herein is for the issue of notes 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.

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, therefore,

IT IS ORDERED that -

1. The transfer of the C. L. Beltz Water System from the Estate of Charles L. Beltz, Deceased, to Chester L. Beltz, be, and it hereby is, authorized and confirmed.



2. Chester L. Beltz and Lucy M. Beltz, his wife, on or after the effective date hereof and on or before December 31, 1963, for the purposes set forth in this application, may execute a deed of trust and a chattel mortgage, and may issue 6-1/2 percent notes in the aggregate principal amount of not to exceed


\$50,000, which documents shall be in the same form, or substantially in the same form, as those filed in this proceeding as Exhibits C, D, and E, respectively.


3. Applicants 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.

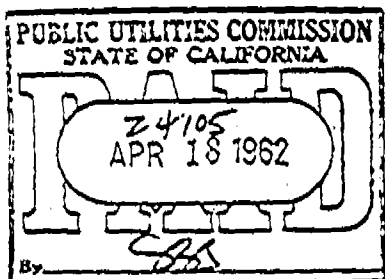
4. This order shall become effective when applicants have paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$39.

Dated at San Francisco, California, this 17th day of APRIL, 1962.


 _____ President





 _____ Commissioners



Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.