

ORIGINAL

Decision No. 69024

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of JULIO J. ROVAI and LOUIS J.)
ROVAI, doing business as RIO)
DELL WATER SYSTEM, under Section)
851 of the Public Utilities Code)
for authority to issue their)
promissory note and to secure a)
lien in the form of a Deed of)
Trust on applicants' property,)
and for further authority to use)
the proceeds of the loan)
evidenced by said promissory)
note for such purposes as set)
forth herein.)

Application No. 47504
Filed April 19, 1965

O P I N I O N

Julio J. Rovai and Louis J. Rovai, doing business as Rio Dell Water System, request authorization from the Commission to execute a deed of trust and a security agreement, and to issue promissory notes in the aggregate principal amount of \$67,000.

Applicants own and operate a public utility business known as Rio Dell Water System, which provides water service to consumers in and about the community of Rio Dell, Humboldt County. The application shows that portions of said system were destroyed and damaged by the Eel River flood in December, 1964. In order to obtain funds for purposes of replacing such plant and repaying a \$2,000 balance outstanding on a previously authorized note, applicants request authority to issue two

promissory notes in favor of Crocker-Citizens National Bank pursuant to an arrangement with the Small Business Administration. According to the application, one note in the amount of \$6,700, representing said bank's ten percent share of the loan will be repayable in monthly installments of \$74.39 each, including interest at the rate of 6% per annum. Applicants assert that the second note for the sum of \$60,300 will provide for repayment in monthly installment of \$582.26 each, including interest at the rate of 3% per annum. The proposed notes will be secured by a deed of trust and a security agreement.

The utility's 1964 annual report shows gross operating revenues and net income of \$50,503 and \$10,629, respectively, a net plant investment of \$152,099 as of December 31, 1964, after deducting the depreciation reserve, and 913 active service connections excluding fire hydrants.

The Commission has considered this matter and finds that: (1) the proposed notes are for proper purposes; (2) 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 (3) such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

The authorization herein granted is for the purpose of this proceeding only and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Julio J. Rovai and Louis J. Rovai, on or after the effective date hereof and on or before September 30, 1965, may issue their promissory notes in the aggregate principal amount of not to exceed \$67,000 for the purposes specified in this proceeding, and may execute a deed of trust and a security agreement. Said documents shall be in the same form, or in substantially the same form, as those attached to the application.

2. Julio J. Rovai and Louis J. Rovai shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

3. This order shall become effective when Julio J. Rovai and Louis J. Rovai have paid the fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$65.

Dated at San Francisco, California, this 11th day of MAY, 1965.

[Signature] President

George G. Hoover

[Signature]

[Signature] Commissioners

Commissioner Frederick B. Holoboff, being necessarily absent, did not participate in the disposition of this proceeding.

