

ORIGINAL

Decision No. 69304

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THUNDERBIRD WATER)
COMPANY for authority to issue a)
promissory note)
_____)

Application No. 47657
Filed June 10, 1965

O P I N I O N

Thunderbird Water Company has filed this application for an order of the Commission authorizing it to issue a promissory note in the principal amount of \$65,000.

Applicant is a California corporation engaged in operating a public utility water system in a portion of Riverside County. Its 1964 annual report to the Commission shows gross operating revenues of \$49,583 and utility operating income of \$5,636. According to the application, irrigation and domestic water service is provided to Thunderbird Country Club, the applicant's sole stockholder, as well as to approximately 145 domestic customers and one other water utility in the area. The balance sheet attached to the application as Exhibit E indicates, among other things, that as of April 30, 1965, applicant's net utility plant after deducting the depreciation reserve amounted to \$230,959, that long-term debt payable to its stockholder totaled \$102,500, and that advances for construction and common stock equity were \$32,883 and \$71,297, respectively.

Included in the \$102,500, reported as outstanding long-term indebtedness, is an amount of \$67,500 represented by two notes issued under authority previously granted by this Commission, in the principal amounts of \$50,000 and \$25,000, on which there is a balance of \$17,500 owing on the latter note. The remaining \$35,000 of said \$102,500 indebtedness is represented by two one-year notes dated August 3, 1959 and October 10, 1959 in the principal sums of \$20,000 and \$15,000 respectively.

The application discloses that Thunderbird Country Club, as a nonutility, is assuming the primary responsibility for irrigating its golf course. Applicant asserts that, as a consequence, property no longer useful in applicant's utility operations and having a depreciated cost of \$47,515 was transferred to Thunderbird Country Club which, in turn, transferred other property having a depreciated cost of \$77,679 to applicant. Exhibits C and D annexed to the application set forth the depreciated cost of facilities involved in said exchange and which resulted in a net addition of \$30,164 to applicant's utility plant.

In this proceeding, applicant requests authority to issue its unsecured promissory note in favor of Thunderbird Country Club in the principal sum of \$65,000, maturing on or before December 31, 1985, and bearing interest at the rate of 6% per annum, payable annually. The utility proposes to apply \$30,000 of the proceeds toward the amount owed on the property

exchange described herein. Applicant reports that the remaining \$35,000 would refinance said two notes of \$20,000 and \$15,000 and that it used the funds derived therefrom to finance, in part, the cost of improvements completed in 1959 for increasing its water supply.

The Commission has considered this matter and finds that: (1) the proposed note issue is for proper purposes; (2) the money, property or labor to be procured or paid for by the issue of the note 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. A public hearing is not necessary.

On the basis of the foregoing findings we conclude that the application should be granted. The authorization herein given 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. Thunderbird Water Company, on or after the effective date hereof and on or before September 30, 1965, for the purposes specified in this proceeding, may issue its promissory note in

the principal amount of not to exceed \$65,000 in the same form, or in substantially the same form, as that attached to the application as Exhibit A.

2. Thunderbird Water Company 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 Thunderbird Water Company has paid the fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$65.

Dated at San Francisco, California, this 29th day of JUNE, 1965.

Fredrick B. Holchuff
President

George E. Trover
Commissioner

William M. Baird
Commissioners

