

ORIGINAL

Decision No. 69721

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
)
 of WINTON WATER COMPANY, INC.,)
 a California corporation, for)
 permission to issue its promissory)
 note, under authority of Public)
 Utilities Code Sections 816-830)

Application No. 47875
Filed September 7, 1965

O P I N I O N

This is an application for an order of the Commission authorizing Winton Water Company, Inc. to execute an Indemnity Agreement and to issue a note in the principal amount of \$35,000.

Applicant is a California corporation providing public utility water service in and near the community of Winton, Merced County. In this proceeding, the company proposes to borrow the sum of \$35,000 primarily for the purpose of refinancing previously authorized long-term indebtedness, with the remainder of the proceeds to be applied toward liquidating current obligations incurred in connection with the improvement, maintenance and operation of the system, and increasing working capital.

As evidence of such borrowing, the utility seeks authority to issue a promissory note in the principal amount of \$35,000 in favor of J. Vernon Ivers and Maud G. Ivers. The note will be repayable in monthly installments on principal of \$233.33 each, and interest will be payable monthly at the rate of 6% per annum. Exhibit C attached to the application is a copy of a proposed Indemnity Agreement whereby (a) A. E. Heppner, president and principal stockholder of the company, agrees to assume personal

liability upon said \$35,000 note, and (b) applicant agrees to hold harmless said A. E. Heppner and to indemnify him for any sums which he shall pay by reason of any default or failure on the part of applicant to pay said note or any portion thereof as it becomes due.

The company asserts that payments currently being made on its outstanding obligations average \$500 per month and that the refinancing proposed herein will reduce its monthly payments substantially, and thereby provide additional working capital.

The Commission has considered this matter and finds that: (1) the proposed note issue is for proper purposes; (2) the execution of an Indemnity Agreement will not be adverse to the public interest; (3) 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 (4) such purposes, except as otherwise authorized for liquidating current obligations, 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 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. Winton Water Company, Inc., on or before December 31, 1965, for the purposes set forth in this proceeding, may issue a

promissory note in the principal amount of not to exceed \$35,000. Said note shall be in the same form, or in substantially the same form, as that attached to the application as Exhibit D, except that the interest rate shall not exceed 6% per annum.

2. Winton Water Company, Inc. may execute an Indemnity Agreement in the same form, or in substantially the same form, as that annexed to the application as Exhibit C.

3. Winton Water Company, Inc. 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.

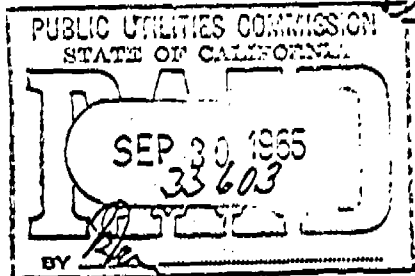
4. This order shall become effective when Winton Water Company, Inc. has paid the minimum fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$25.

Dated at San Francisco, California, this 28th day of SEPTEMBER, 1965.

Frederick B. Hollauff
President

Augusta

William L. Bennett
Commissioners



Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner George G. Grover, being necessarily absent, did not participate in the disposition of this proceeding.