

Decision No. 71958

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application	)	
of LeRoy J. and Emma Lee	)	
La Frenz, dba The Descanso Park	)	Application No. 49040
Water Company for authorization	)	Filed December 19, 1966
to execute evidence of	)	
indebtedness.	)	

O P I N I O N

This is an application for an order of the Commission authorizing LeRoy J. La Frenz and Emma Lee La Frenz to execute a Security Agreement and to issue a \$15,000 note.

Applicants own and operate the public utility water system known as Descanso Park Water Company which provides water service to consumers located in the vicinity of Descanso, San Diego County. The utility's balance sheet, as of December 31, 1965, discloses assets totaling \$71,153 offset by proprietary capital of \$70,978 and other liabilities of \$175.

The application shows that the owners obtained a \$15,000 long-term loan for capital improvement purposes by issuing a note in favor of Bank of America National Trust and Savings Association and executing a Security Agreement, all inadvertently without first seeking authority from this Commission as required by the Public Utilities Code.

In this proceeding applicants request permission to replace said unauthorized documents by executing a Security Agreement and issuing a note in the principal amount of not to exceed \$15,000. The proposed note will be repayable in monthly installments of \$305 each, including interest at the rate of 8% per annum on unpaid principal.

The Commission has considered this matter and finds that: (1) applicants, through inadvertence, issued a \$15,000 note and executed a related Security Agreement for proper purposes prior to receiving authority to do so from this Commission; (2) said note and Security Agreement are void under Sections 825 and 851, respectively, of the Public Utilities Code; (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 purpose specified herein; (4) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; and (5) the proposed Security Agreement will not be adverse to the public interest. A public hearing is not necessary.

On the basis of the foregoing findings we conclude that the application should be granted. 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

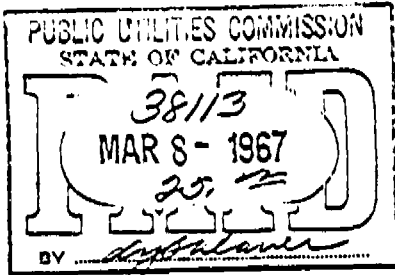
IT IS ORDERED that:

1. On or after the effective date hereof and on or before June 30, 1967, LeRoy J. La Frenz and Emma Lee La Frenz may issue a new note in the principal amount of not to exceed \$15,000 and may execute a new Security Agreement. Said instruments shall replace corresponding documents which were issued and executed without authorization from the Commission, and shall be in the same form, or in substantially the same form, as those attached to the application.

2. LeRoy J. La Frenz and Emma Lee La Frenz 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 applicants have paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.

Dated at San Francisco, California, this 7<sup>th</sup> day of FEBRUARY, 1967.



[Signature] President  
[Signature]  
[Signature]  
[Signature] Commissioners