

ORIGINAL

Decision No. 74868

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
)
 TAHOE PARADISE WATER AND GAS CO.,)
)
 a California corporation, for)
 authority to assume payment of)
 long-term evidences of indebtedness)
 in an aggregate sum of \$29,614.47.)
 _____)

Application No. 50581
Filed October 1, 1968

O P I N I O N

This is an application for an order of the Commission authorizing Tahoe Paradise Water and Gas Co. to assume payment of long-term obligations evidenced by two notes, each secured by a Deed of Trust. One note is dated October 10, 1961, and provides for the repayment of \$16,821.72 in monthly installments of \$100 or more, which installments include interest on unpaid principal at the rate of 6% per annum. The other note is dated August 5, 1964, and provides for the repayment of \$16,000 in monthly installments of \$145, which installments include interest at the rate of 6-3/4% per annum on the decreasing balances of principal.

Applicant is a California corporation providing public utility water service in a portion of El Dorado County. It reports total operating revenues of \$32,585 for the year 1967, and 466 active service connections, excluding fire hydrants, at the end of

the year. By Decision No. 72922, dated August 15, 1967, in Application No. 48450, the Commission authorized the company to increase its rates so as to provide an estimated 50% increase in operating revenues.

The company's most recent annual report on file with the Commission shows assets and liabilities at December 31, 1967, as follows:

Assets

Water plant less reserve for depreciation	\$1,153,563
Construction work in progress	81,497
Cash	93,298
Accounts receivable - customers	6,656
Materials and supplies	3,456
Other current assets	<u>4,139</u>
Total	<u>\$1,342,609</u>

Liabilities

Capital stock	\$ 328,676
Earned surplus (deficit)	(169,805)
Current liabilities	68,891
Advances for construction	309,048
Other credits	5,296
Contributions in aid of construction	<u>800,503</u>
Total	<u>\$1,342,609</u>

It appears that early this year applicant purchased for \$34,624.62 approximately one acre of industrial property located in its service area, which property consists of land, an enclosed yard, a water plant office and a warehouse. The company indicates that such acquisition is ideally designed for serving its purposes.

The down payment on said \$34,624.62 purchase price amounted to \$5,010.15. The remaining amount of \$29,614.47 was represented by the amounts owing on the two notes referred to in the first paragraph of this opinion, which amounts were \$15,612.65 for the 6% note and \$14,001.82 for the 6-3/4% note, according to the application.

Applicant asserts that it did not obtain authorization from the Commission to assume said long-term obligations, but that its failure to do so was through inadvertence and with no intent to evade the provisions of the Public Utilities Code.

After consideration the Commission finds that:

(1) applicant assumed payment of long-term obligations inadvertently without first securing authorization to do so from this Commission; and (2) the assumption by applicant of long-term obligations in connection with the purchase of property referred to in this proceeding is not adverse to the public interest. A public hearing is not necessary.

On the basis of the foregoing findings we conclude that: (1) the previous assumption of long-term obligations by applicant is void according to Section 830 of the Public Utilities Code; and (2) 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 Tahoe Paradise Water and Gas Co. may assume payment of long-term obligations in the aggregate amount of not exceeding \$29,614.47 evidenced by the amounts owing on the two notes described in the application.

The effective date of this order is the date hereof.

Dated at San Francisco, California,
this 29th day of OCTOBER, 1968.

William J. Lyons, Jr.
President
Ed. J. ...
William B. ...
Morgan

Commissioners

Commissioner Fred P. Morrissey, being necessarily absent, did not participate in the disposition of this proceeding.