

Decision No. 77152

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)

DEL ESTE WATER COMPANY,
a corporation,)Application No. 51813
Filed April 7, 1970)for an order authorizing it to
execute a Short-Term Revolving
Credit Agreement)
_____)O P I N I O N

Del Este Water Company seeks an order of the Commission authorizing it to enter into a Revolving Credit Agreement and, pursuant thereto, to issue its promissory notes aggregating not exceeding \$350,000 at any one time outstanding.

Applicant is a California corporation engaged in the business of supplying and distributing water for domestic and industrial purposes in portions of Stanislaus County. In its 1969 Annual Report to this Commission the company reports operating revenues for the year and corresponding net income of \$668,880 and \$35,216, respectively. The utility's reported assets and liabilities at December 31, 1969, are summarized as follows:

Assets

| | |
|-----------------------------|--------------------|
| Utility plant less reserves | \$2,170,445 |
| Investments | 18,861 |
| Current and accrued assets | 137,197 |
| Deferred debits | <u>18,165</u> |
| Total | <u>\$2,344,668</u> |

Liabilities

| | |
|---------------------------------------|--------------------|
| Common capital stock | \$ 219,125 |
| Capital surplus | 99,096 |
| Earned surplus | 683,401 |
| Long-term debt | 663,600 |
| Notes payable | 100,000 |
| Other current and accrued liabilities | 92,157 |
| Advances for construction | 410,954 |
| Other deferred credits | 27,047 |
| Contributions in aid of construction | <u>49,288</u> |
| Total | <u>\$2,344,668</u> |

The company proposes to enter into a Revolving Credit Agreement with Wells Fargo Bank, N.A., which agreement would enable the utility to borrow, repay and reborrow not exceeding \$350,000 from time to time until March 31, 1973. The borrowings are to be represented by notes due 180 days from the dates thereof, and bearing interest at a rate per annum of 1% above the prime rate of interest from time to time in effect at Wells Fargo Bank, N.A.

The application shows that said \$350,000 will be used for refinancing \$130,000 of short-term bank loans for capital improvements, and refinancing \$220,000 of previously authorized long-term indebtedness.

After consideration the Commission finds that:

1. The proposed Revolving Credit Agreement would not be adverse to the public interest.
2. The proposed notes are for proper purposes.
3. 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, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

On the basis of the foregoing 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:

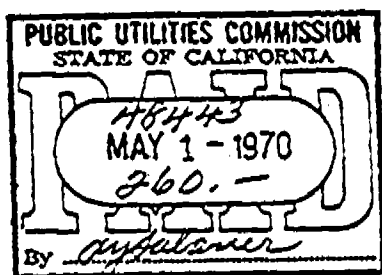
1. Del Este Water Company may enter into a Revolving Credit Agreement in the same form, or in substantially the same form, as Exhibit No. 2 attached to the application.

2. Del Este Water Company, on or after the effective date hereof, for the purposes specified in this proceeding, may issue and reissue notes aggregating not exceeding \$350,000 at any one time outstanding. The notes shall be in the same form, or in substantially the same form, as Exhibit No. 3 attached to the application, and shall be consistent with the agreement authorized by Ordering Paragraph No. 1 hereof.

3. Within 30 days after issuing any of the notes herein authorized, Del Este Water Company shall file with the Commission a copy thereof as actually issued. The filings shall be in lieu of reports required by General Order No. 24-B.

4. This order shall become effective when Del Este Water Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$260.

Dated at San Francisco, California,
this 29TH day of APRIL, 1970.



William J. Lyons, Jr.
President
August
W. H. Brown
J. H. Brown
Yuan L. Sturgeon
Commissioners