

ORIGINAL

Decision No. 77615

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of TAHOE SOUTHSIDE WATER)
 UTILITY, a corporation, for an order)
 authorizing the applicant to borrow)
 money and to issue its promissory)
 note as evidence of said obligation,)
 and authorizing the president and)
 sole shareholder of applicant to)
 personally guarantee said promissory)
 note, pursuant to Sections 816-824)
 of the Public Utilities Code.)

Application No. 52065
 Filed July 24, 1970

O P I N I O N

Tahoe Southside Water Utility seeks an order of the Commission authorizing it to issue a Term Note in the principal amount of \$75,000, and authorizing its sole shareholder to execute and deliver a Continuing Guaranty.

Applicant is a California corporation operating a public utility water system in the City of South Lake Tahoe and vicinity. For the year 1969, the company reports total operating revenues and net income amounting to \$228,911 and \$26,865, respectively.

In order to comply with a request by the State Department of Public Health the utility proposes to borrow \$75,000 to be applied toward a water filtration plant. The borrowing will be represented by a Term Note in favor of Wells Fargo Bank, N.A. in the principal amount of \$75,000 repayable in three semiannual installments of \$25,000. Interest will be payable quarterly at the rate of 1-1/4% per annum above the bank's prime rate from time to time in effect. Applicant's sole shareholder will guarantee repayment of said note.

After consideration the Commission finds that:

1. The proposed note is for a proper purpose.
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 purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.
3. Applicant's sole shareholder is neither a party to the application nor regarded as a public utility.
4. A public hearing is not necessary.

On the basis of the foregoing findings we conclude that the application should be (a) dismissed for lack of jurisdiction with respect to the Continuing Guaranty, and (b) granted in all other respects. 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. Tahoe Southside Water Utility, on or after the effective date hereof and on or before October 31, 1970, for the purpose specified in this proceeding, may issue its Term Note in the principal amount of not exceeding \$75,000 in accordance with a Term Loan Agreement. The documents shall be in the same form, or in substantially the same form, as those attached to the application as Exhibits B and C, respectively.

2. Tahoe Southside Water Utility 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 application, insofar as it seeks authority for applicant's sole shareholder to execute and deliver a Continuing Guaranty, is dismissed.

4. This order shall become effective when Tahoe Southside Water Utility has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$150.

Dated at San Francisco, California, this 18th day of AUGUST, 1970.

[Signature]
Chairman
[Signature]
William Symons Jr.
[Signature]
Vernon L. Stinger
Commissioners

