

Decision No. 77854

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)

DEL ESTE WATER COMPANY,)
a corporation,)

for an order authorizing it to guaranty)
and to repay according to its terms a)
secured promissory note of Beard Land)
Improvement Company for \$110,000, the)
proceeds of the loan to be granted to)
Del Este Water Company and used by it)
to refinance \$40,000 current indebtedness)
and to effect necessary replacements and)
improvements in its plant.)

) Application No. 52217
) Filed September 29, 1970

O P I N I O N

Del Este Water Company seeks an order of the Commission authorizing it to guarantee and to assume the obligation of repaying a \$110,000 note of Beard Land Improvement Company in favor of Wells Fargo Bank, National Association.

Applicant is a California corporation engaged in the business of supplying and distributing water for domestic and industrial purposes in portions of Stanislaus County. For the year 1969 the utility reports operating revenues and net income of \$668,880 and \$35,216, respectively.

Beard Land Improvement Company is the wholly owned subsidiary of Modesto and Empire Traction Company. The latter and applicant are wholly owned subsidiaries of Beard Land and Investment Co. Beard Land Improvement Company proposes to issue a \$110,000 note repayable in monthly installments of \$1,425 including interest at the rate of 9-1/2% per annum. The \$110,000 proceeds are to be used for required refinancing of \$40,000 of an outstanding indebtedness of applicant to Pacific Mutual Life Insurance Company, and for financing \$70,000 of applicant's 1970 construction program.

The note will be secured by a Deed of Trust on a building located in the City of Modesto, which building is owned by Beard Land Improvement Company and currently occupied by applicant. The utility proposes to endorse, guarantee and promise to pay the note.

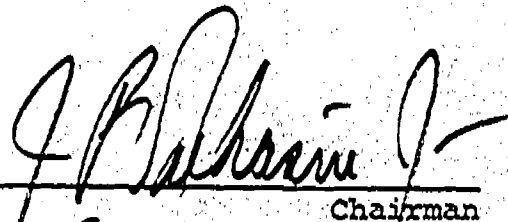
After consideration the Commission finds that the proposed transactions would not be adverse to the public interest. On the basis of this finding we conclude that the application should be granted. A public hearing is not necessary.

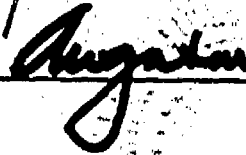
O R D E R

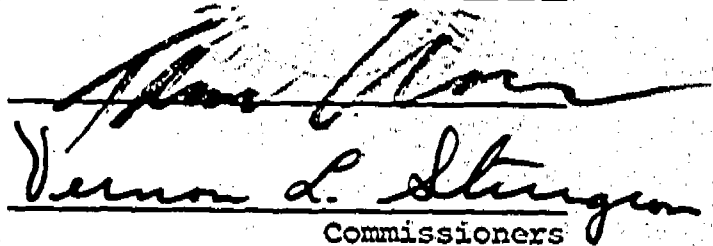
IT IS ORDERED that Del Este Water Company may guarantee and repay according to its terms a secured promissory note in the principal amount of not exceeding \$110,000. The related documents shall be in the same form, or in substantially the same form, as Exhibits Nos. 2, 3 and 4 attached to the application.

The effective date of this order is the date hereof.

Dated at San Francisco, California,
this 27th day of OCTOBER, 1970.


Chairman




Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.