

LSC

Decision No. 84883

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Santa Clarita Water Company for)
Authority to Issue Notes in the)
Aggregate Principal Amount not)
exceeding \$460,000 and to execute)
and deliver Deeds of Trust.)

Application No. 55859
(Filed August 13, 1975)

O P I N I O N

Santa Clarita Water Company seeks authority to execute and deliver two Deeds of Trust and three Promissory Notes in the aggregate principal amount of not exceeding \$460,000.

Applicant is a California corporation owning and operating a public utility water system in Los Angeles County. For the year 1974 its reported total operating revenues and net income amounted to \$919,639 and \$59,075, respectively.

The utility desires to purchase a 6,000 square foot steel warehouse with 2.5 acres of storage yard, which it is currently renting by the month. The purchase price is \$110,000 with a down payment of \$25,000. The balance of \$85,000 would be represented by a Promissory Note repayable in monthly installments of \$850 including interest at the rate of 10% per annum, which note would be secured by a Deed of trust on the property.

In order to acquire adequate office facilities applicant reports that it has commenced the condemnation of 2.5 acres of land for its office building site, and that the estimated cost is between \$100,000 and \$150,000. Payment would be in the form of an unsecured Promissory Note repayable in monthly installments of \$1,363 including interest at the rate of 10% per annum.

The estimated cost of site improvements and construction of a 6,000 square foot office building on said site is \$225,000, which amount the utility proposes to obtain by borrowing from Bank of America National Trust and Savings Association. The loan would be represented by a \$225,000 Promissory Note repayable in monthly installments of \$2,500 including interest at the rate of 10-1/2% per annum, which note would be secured by a Deed of Trust.

The application shows that after issuing the three proposed notes the utility's debt-equity ratio would be 44% debt and 56% equity.

After consideration the Commission finds that:

1. The proposed Promissory Notes are for proper purposes.
2. The proposed Deeds of Trust would not be adverse to the public interest.
3. The money, property or labor to be procured or paid for by 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

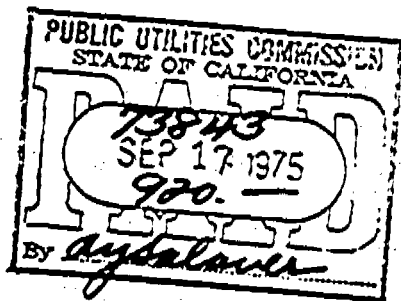
IT IS ORDERED that:


1. Santa Clarita Water Company, on or after the effective date hereof and on or before December 31, 1975, for the purposes specified in this proceeding, may issue Promissory Notes in the aggregate principal amount of not exceeding \$460,000 and may execute and deliver Deeds of Trust, which documents, except as to dates, shall be in substantially the same forms as those attached to the application.

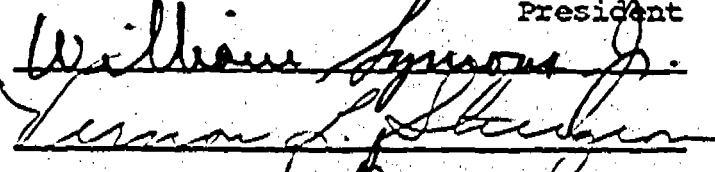
2. Santa Clarita Water Company shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

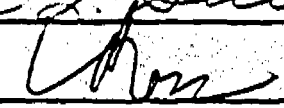
3. This order shall become effective when Santa Clarita Water Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$920.

Dated at San Francisco, California, this 10th day of September, 1975.





President




Commissioners

Commissioner Robert Batinovich, being necessarily absent, did not participate in the disposition of this proceeding.