

EN

ORIGINAL

Decision No. 85360

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of SUBURBAN WATER SYSTEMS, a)
California corporation, for an)
Order authorizing it to Enter)
Into a Forbearance Agreement)
with the Holders of Its First)
Mortgage Bonds and to Pay Certain)
Consideration to Such Bondholders)
in Return for Forbearance to)
Exercise Certain Remedies.)

Application No. 56139
(Filed December 18, 1975)

O P I N I O N

Suburban Water Systems seeks authority to enter into a Forbearance Agreement with the holders of its First Mortgage Bonds, and to make forbearance payments to the holders of its First Mortgage Series C 4-1/4% Bonds, due 1975.

Applicant is a California corporation furnishing water service to more than 45,000 general metered customers in two areas referred to as the San Jose Hills area and the Whittier area, in the County of Los Angeles.

The utility reports that it failed to pay the outstanding \$1,202,000 principal amount of its Series C bonds when they became due on October 1, 1975. The company proposes to enter into an agreement providing for forbearance from the exercise of resulting remedies until March 31, 1976.

The application shows that insufficient funds necessitate the forbearance, and that applicant is diligently pursuing efforts to obtain the funds for retiring said Series C bonds by March 31, 1976. In addition to continuing the payment of interest at the

rate of 4-1/4% per annum, the utility would make forbearance payments calculated at the rate of 5-3/4% per annum on the unpaid principal balance of its Series C bonds.

After consideration the Commission finds that the Forbearance Agreement would not be adverse to the public interest, and concludes 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 Suburban Water Systems may execute and enter into a Forbearance Agreement substantially in the form attached to the application as Exhibit C.

IT IS FURTHER ORDERED that at the times and in the manner provided in the Forbearance Agreement herein authorized, Suburban Water Systems may pay to the holders of its Series C bonds forbearance payments for the period from October 1, 1975 to and including March 31, 1976, calculated at the rate of 5-3/4% per annum on their unpaid principal balance, as provided for in the agreement.


The effective date of this order is the date hereof.

Dated at San Francisco, California, this 20th day of January, 1976.

Commissioner Leonard Ross, being necessarily absent, did not participate in the disposition of this proceeding.



President



Commissioners