

Decision No. 85490

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 AZUSA VALLEY WATER COMPANY for)
 authority to issue a \$600,000)
 term note and to execute and deliver)
 related encumbering documents.)

Application No. 56247
 (Filed January 30, 1976)

O P I N I O N

Azusa Valley Water Company seeks authority to issue a \$600,000 Term Note and to execute and deliver a Term Loan and Security Agreement, a Deed of Trust, and a Personal Property Security Agreement.

Applicant is organized under the laws of the State of California, and operates as a public utility water corporation serving portions of Los Angeles County. For the year 1974, its reported operating revenues and net income amounted to \$1,240,293 and \$215,251, respectively. Its September 30, 1975 balance sheet is summarized from Exhibit A attached to the application, as follows:

Assets

Fixed capital - less allowance for depreciation	\$4,132,930
Current assets	753,345
Deferred debits	<u>88,557</u>
Total	<u>\$4,974,832</u>

Liabilities

Common stock	\$1,132,503
Preferred stock	646,400
Capital surplus	38,600
Contributions in aid of construction - less reserve for amortization	579,051
Earned surplus	748,601
Mortgage payable - less sinking fund payment	1,322,500
Advances for construction - less current portion	186,693
Current liabilities	320,029
Deferred credits	455
Total	<u>\$4,974,832</u>

Pursuant to authorizations previously granted by this Commission, applicant issued notes in favor of The Lincoln National Life Insurance Company, of which \$722,500 aggregate principal amount bear interest at the rate of 4-1/2% per annum and are due and payable on February 29, 1976.

For the purpose of obtaining funds to repay \$600,000 of the \$722,500 indebtedness, the utility proposes to issue a Term Note in favor of Wells Fargo Bank, National Association, which note would bear interest at the rate of seven-eighths of one percent (.0875%) above the bank's prime rate from time to time in effect. Principal would be repayable in 60 consecutive monthly installments of \$5,000 each, and one final installment of \$300,000. The note would be issued pursuant to a Term Loan and Security Agreement, and would be secured by a Deed of Trust and a Personal Property Security Agreement.

After consideration the Commission finds that:

1. The proposed note is for a proper purpose.
2. Applicant has need for external funds for the purpose set forth in the application.
3. The terms of the proposed note are reasonable.
4. The proposed documents would not be adverse to the public interest.
5. The money, property or labor to be procured or paid for by 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.

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:

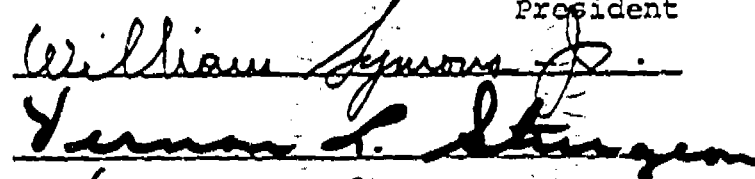
1. Azusa Valley Water Company, on or after the date hereof and on or before April 30, 1976, for the purpose specified in this proceeding, may issue its Term Note in the principal amount of not exceeding \$600,000, which note shall be in substantially the same form as Exhibit D attached to the application.
2. Azusa Valley Water Company may execute and deliver a Term Loan and Security Agreement, a Deed of Trust, and a Personal Property Security Agreement, which documents shall be in substantially the same forms as Exhibits B, C and E, respectively, attached to the application.


3. Azusa Valley Water Company shall file with the Commission the report required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

4. The effective date of this order is the date hereof.

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



President




Commissioners

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