

Decision No. 86418

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
EAST PASADENA WATER COMPANY, a
California corporation, for Authority
to Borrow \$200,000.00.

Application No. 56412
(Filed April 16, 1976)

O P I N I O N

East Pasadena Water Co. (EPWC) seeks authority to borrow \$200,000 in accordance with the conditions and provisions of a loan commitment with Security Pacific National Bank (Security) as set forth in Exhibit D attached to the application.

EPWC is a California corporation furnishing public utility water service to approximately 2,500 general service metered customers in an area located in and adjacent to the cities of Temple City and Arcadia, and adjacent to the cities of Pasadena and San Marino, all in Los Angeles County.

The loan commitment with Security Pacific National Bank provides that the term of the loan will be five years; that disbursement of loan proceeds is dependent upon the grant of a rate increase by this Commission on Application No. 55823; that the interest rate will be 3 percent per annum in excess of the bank's prime rate as of the date of execution; that six months' principal and interest payments be deposited in a demand deposit account with Security; and that the parent company, California-Michigan Land and Water Company, will not further encumber its real estate during the term of the loan without prior approval from Security.

EPWC proposes to expend the loan proceeds as follows:

- (a) Installation of chlorinators required by the State Health Department at a cost of \$12,000.
- (b) Replacement of the Oak Street main at a cost of \$120,000.
- (c) Replacement of existing telemetry system at a cost of \$35,000.
- (d) Replacement of two booster pumps at a cost of \$3,500.

The four above projects total \$170,500 and EPWC proposes that the remaining \$29,500 be considered as a contingency fund for unexpected extras associated with these four projects.

The matter of the need for the replacement and/or installation of the above-listed projects was discussed in detail on the record in connection with EPWC's Application No. 55823 for a general rate increase. In Decision No. 86123 dated July 19, 1976 we authorized an immediate increase of \$87,200 and an additional increase of \$13,800 to become effective upon the completion of the Oak Avenue main and telemetry equipment replacement projects, the funding of which EPWC contemplates will be obtained from the proceeds of the loan requested by this application.

Findings

1. The proposed loan agreement is for proper purposes and the money, property, or labor to be procured or paid for by the issue of the evidence of indebtedness authorized by this decision is reasonably required for the purposes specified, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

2. There is no known opposition and there is no reason to delay granting the relief requested.

On the basis of the foregoing findings we conclude that the application should be granted, and that the effective date of the order should be the date on which applicant pays the prescribed fee.

A public hearing is not necessary.

The authorization granted by this decision 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

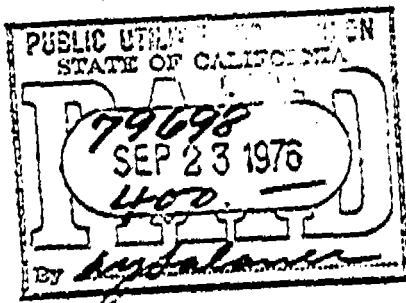
IT IS ORDERED that:

1. East Pasadena Water Co., on or after the effective date hereof, for the purposes specified in this proceeding, may issue an evidence of indebtedness in the principal amount of not exceeding \$200,000 at 3 percent per annum interest in excess of the prime interest rate of Security Pacific National Bank as of the date of issue. The evidence of indebtedness shall be in the same form, or substantially the same form, as described in the loan commitment set forth as Exhibit D attached to the application.

2. The issuer of the securities authorized by this order shall file with the Commission a report, or reports, as required by General Order No. 24-Series.

This order will become effective when the issuer has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$400.

Dated at San Francisco, California, this 21st day of SEPTEMBER, 1976.



President
William J. Lyons

Lyndon L. Sturgeon

Edward M. Ross

Robert F. Bafum
Commissioners

Commissioner D. W. Helges, being necessarily absent, did not participate in the disposition of this proceeding.