

ORIGINAL

Decision 82 04 013 APR - 6 1982

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of YOSEMITE SPRING PARK UTILITY )  
CO. for authorization to borrow )  
money, to issue evidence of in- )  
debtedness, and to encumber )  
utility property and relating to )  
the transfer of control in the )  
event of foreclosure. )

Application 61131  
(Filed December 14, 1981)

O P I N I O N

Yosemite Spring Park Utility Co. (Yosemite) requests authority under Public Utilities (PU) Code Sections 816 and 851 to borrow money, to issue evidences of indebtedness in an amount up to \$400,000, and to encumber utility property.

Notice of the filing of the application appeared on the Commission's Daily Calendar of December 17, 1981. No protests have been received.

By Decision 84708, dated July 29, 1975, the Commission granted Yosemite a certificate of public convenience and necessity. It authorized it to construct and operate a public utility water system to serve the then 2,263 lots in Yosemite Lakes Park subdivision, which is located in Madera County, about five miles south of the town of Coarsegold and two miles west of State Highway 41. It is approximately 30 miles north of Fresno.

Yosemite's income statement for the calendar year 1980, shown as Exhibit A attached to the application, indicates total operating revenues of \$62,834 and a net loss of \$105,999. Its Balance Sheet as of December 31, 1980 is summarized as follows:

| <u>Assets</u>                 |                  |
|-------------------------------|------------------|
| Net Utility Plant             | \$2,248,920      |
| Current Assets                | <u>2,779</u>     |
| Total                         | \$2,251,699      |
| <u>Liabilities and Equity</u> |                  |
| Common Equity                 | \$ 279,936       |
| Current Liabilities           | 109,454          |
| Advances for Construction     | <u>1,862,309</u> |
| Total                         | \$2,251,699      |

By letter dated January 15, 1982, Yosemite's attorney stated "the applicant...hereby withdraws its application requesting consent to transfer control of the company in the event of foreclosure, as such request is premature..." This portion of the application is dismissed, therefore, in response to Yosemite's motion.

Yosemite proposes to borrow \$400,000, represented by first mortgage notes issued to Safeco Insurance Co. of America, at the prime rate of interest announced from time to time by the Bank of America<sup>1/</sup> repayable semiannually in installments of \$20,000, commencing December 31, 1986, with the balance to be all due and payable December 30, 1991. Yosemite has the option, upon 60 days notice, to prepay the loan without penalty.

By letter dated February 12, 1982, applicant's attorney states that in order to have sufficient cash flow to meet the installments when due, the utility intends to apply for an increase in rates which would generate additional revenues.

The proposed loan will be secured by a first mortgage lien on the utility's operating properties. It will also be secured by all the utility's issued and outstanding shares of common stock.

The purpose of the loan is to construct the following capital improvements:

| <u>Item</u>   | <u>Amount</u> |
|---|---------------|
| Storage Tank - 500,000 Gallons  | \$120,000     |
| Storage Tank - 1,000,000 Gallons  | 180,000       |
| New Wells, Pumps for Existing Wells   | 60,000        |
| Reconstruction, Renovation, and<br>Modernization of Distribution Facilities | <u>40,000</u> |
| Total   | \$400,000     |

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<sup>1/</sup> The prime rate on February 26, 1982 was 16 1/2%.

The Commission's Revenue Requirements Division and the Utilities Division have reviewed the application and conclude that the authority requested is reasonable and should be granted.

Findings of Fact

1. Yosemite is a California corporation operating as a water utility under the jurisdiction of this Commission.

2. Yosemite has need for external funds for the purpose set forth in the application.

3. Yosemite requests dismissal of the portion of its application requesting authority to transfer control of the utility in the event of foreclosure on the security given for the loan.

4. The proposed borrowing of money, the issuance of promissory notes, and the encumbrance of the utility property are for proper purposes.

5. The proposed security issue is for lawful purposes and the money, property, or labor to be obtained by it is required for these purposes. Proceeds from the security issue may not be charged to operating expenses or to income.

6. There is no known opposition and no reason to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.

2. The application should be granted to the extent set forth in the order which follows.

The authorization granted is for this proceeding only, and is not to be construed as indicating amounts to be included in ratesetting proceedings.

The following order should be effective on the date of signature and the date the fee is paid in order to enable Yosemite to issue its promissory notes expeditiously.

O R D E R

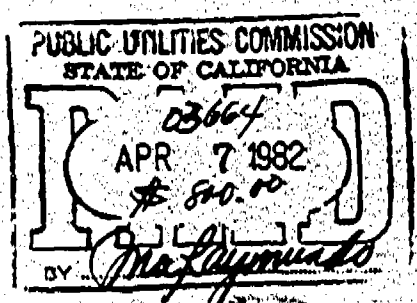
IT IS ORDERED that:

1. On or after the effective date of this order and on or before June 30, 1982, for the purpose specified and in the manner stated in the application, Yosemite Spring Park Utility Co. (Yosemite) may issue secured promissory notes in an aggregate principal amount of up to \$400,000, on the terms and conditions set forth in the application.
2. Yosemite may execute an encumbering document on the terms and conditions set forth in the application.
3. Yosemite's request for the transfer of control in the event of foreclosure is dismissed.
4. Yosemite shall file the reports required by General Order Series 24.

5. The authority granted by this order to issue evidences of indebtedness and to execute and deliver encumbering documents will become effective when the issuer pays \$800, the fee set by PU Code Section 1904(b). In all other respects this order becomes effective 30 days from today.

Dated APR 6 1982, at San Francisco, California.

JOHN E. BRYSON  
President  
RICHARD D. GRAVELLE  
LEONARD M. GRIMES, JR.  
VICTOR CALVO  
PRISCILLA C. GREW  
Commissioners



I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY

*Joseph E. Bodovitz*  
Joseph E. Bodovitz, Executive Director