

ORIGINAL

Decision S2 OS 074 AUG 18 1982

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Padua Hills Water Service, Inc. to execute and issue a \$190,021 unsecured note.

Application 82-06-69  
(Filed June 29, 1982)

Application of Padua Hills Water Service, Inc. to execute and issue a \$26,500 unsecured note.

Application 82-06-68  
(Filed June 29, 1982)

O P I N I O N

Padua Hills Water Service, Inc. (Padua) requests authority, under Public Utilities (PU) Code Sections 816 through 830, for the following:

1. To reissue an existing unsecured Promissory Note (Note) dated May 12, 1981 in the amount of \$178,945, authorized by Decision (D.) 92667 dated February 4, 1981 in Application (A.) 59647, raising the face amount to \$190,021, an increase of \$14,021, the amount of interest accrued in 1981 and
2. To issue a new unsecured Note in the aggregate principal amount of \$26,500.

Notice of the filing of the applications appeared on the Commission's Daily Calendar of July 1, 1982. No protests have been received.

Padua, a California corporation, operates as a public water utility in an unincorporated area of Claremont in Los Angeles County.

Padua's Income Statement for calendar year 1981, attached to the applications as part of Exhibit B, indicates Padua generated total operating revenues of \$35,444 and a net loss of \$28,168.

Padua's Balance Sheet as of December 31, 1981, adjusted to give pro forma effect to the current applications, is summarized as follows:

<u>Assets</u>	<u>December 31, 1981</u>	<u>Pro Forma</u>
Net Utility Plant	\$315,370	\$315,370
Other Physical Property and Investments	57,418	57,418
Current Assets	<u>2,839</u>	<u>2,839</u>
Total	\$375,627	\$375,627
 <u>Liabilities and Equity</u>		
Common Stock	\$156,381	\$156,381
Long-Term Debt	175,945	216,521
Advances from Stockholder	26,500	0
Current Liabilities	2,725	2,725
Accrued Interest	<u>14,076</u>	<u>0</u>
Total	\$375,627	\$375,627

Based on the authority granted by D.92667 dated February 4, 1981 in A.59647, Padua issued a Note dated May 12, 1981 in the aggregate principal amount of \$178,945 to H. H. Garner, former president now deceased, for the purpose of providing the utility with working capital used in maintaining service to Padua's customers. During calendar year 1981, Padua reduced the amount of this Note by the payment of \$3,000.

In the present application, Padua requests authority to reissue the above Note to increase the amount by the 1981 accrued interest, \$14,079, bringing the new total to \$190,021. The new Note would bear an annual interest rate of 8% and would be payable upon demand to the principal stockholders, the Estate of H. H. Garner (deceased) and Irene W. Garner, Padua's current president.

Also included in D.92667 corrected by D.82-01-52 dated January 19, 1982 in A.59651, as amended, Padua was authorized to issue and sell 15,000 shares of Common Stock, \$10 par value, which produced net proceeds of \$150,000. These funds were used for the purpose of financing the cost of replacing the water mains. Construction costs exceeded the funds available by \$26,500. These funds were advanced on December 1, 1981 by Irene W. Garner.

In this application, Padua requests authority to issue a new Note in the aggregate principal amount of \$26,500 payable to Irene W. Garner. This Note will bear interest at 8% per annum with interest being computed from December 1, 1981 until final payment. Padua will be permitted to make payments as cash becomes available.

The Commission's Revenue Requirements Division and the Utilities Division have reviewed the applications and have concluded the requests are reasonable and should be granted.

Findings of Fact

1. Padua, a California corporation, operates as a public water utility under the jurisdiction of this Commission.

2. The proposed Notes would be for proper purposes.

3. Padua has need for external funds for the purposes set forth in the applications.

4. The money, property, or labor to be procured or paid for by the proposed Notes is reasonably required for the purposes specified in the applications.

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

Conclusions of Law

1. A public hearing is not necessary.

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

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

The following order should be effective on the date of signature and payment of the fee set by PU Code Section 1904(b) to enable Padua to proceed with its financings expeditiously.

O R D E R

IT IS ORDERED that:

1. On or after the effective date of this order, Padua Hills Water Service, Inc. (Padua) may issue to the Estate of H. H. Garner (deceased) and Irene W. Garner, an unsecured Promissory Note (Note) in the aggregate principal amount of \$190,021 which includes about \$176,000 of its old Note dated May 12, 1981 and accrued interest in the amount of \$14,021 for calendar year 1981. The new Note is to bear interest at 8% per annum and will be payable on demand.

2. On or after the effective date of this order, Padua may issue an unsecured Note in the aggregate principal amount of \$26,500 with interest computed from December 1, 1981, until paid, bearing interest at 8% per annum payable to Irene W. Garner.

3. Padua shall apply the net proceeds from the proposed Notes to the purposes set forth in the applications.

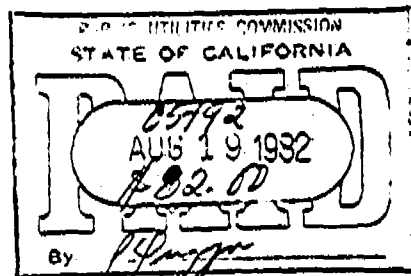
4. Padua shall file the reports required by General Order Series 24.

5. The authority granted by this order to issue Notes will be effective when Padua pays \$82, the fee set by PU Code Section 1904(b) after taking a \$175,945 credit for the fee paid on the Note dated May 14, 1981.

Dated AUG 18 1982, at San Francisco, California.

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

Commissioner Priscilla C. Grew,  
being necessarily absent, did  
not participate



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

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