

Decision No. 88265 DEC 20 1977**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 HARVEY E. WEST, SR., HARVEY E. WEST, JR.,)
 and ROBERT WEST, doing business as)
 GRAEAGLE WATER COMPANY for authority)
 to issue a \$20,000.00 Note.)

Application No. 57625
 (Filed October 14, 1977)

O P I N I O N

Harvey E. West, Sr., Harvey E. West, Jr., and Robert West, partners doing business as Graeagle Water Company, request authorization from the Commission to issue an unsecured note in the principal amount of \$20,000.

The partners own and operate a public utility water system providing service in Graeagle and adjacent areas in Plumas County. For the year 1976, the utility operation reported total operating revenues of \$28,081, depreciation expense of \$5,065 and net income of \$564. As of December 31, 1976, the net utility plant investment of \$182,679 was offset by partnership equity of \$180,733 and other current liabilities of \$1,946. No debt is outstanding at the present time.

In this application, the partners propose to issue a \$20,000 unsecured note in favor of Bank of America National Trust and Savings Association, repayable in sixty monthly installments of \$405.53 each, including interest at the rate of 8% per annum. The proceeds of the note would be applied toward the replacement and improvement of plant as follows:

<u>Purposes</u>	<u>Amount</u>
Pipe Replacements	\$18,000
Purchase of Turbidity Meter	600
Development of Water Source	1,400
Total	<u>\$20,000</u>

The partners state that because of their ability to borrow money from other sources, the Department of Water Resources indicated that the partnership is ineligible for a loan under the Safe Drinking Water Bond Act.

The Hydraulic Branch of the Utilities Division has conducted a field investigation of the proposed plant improvements and has determined that the expenditures are necessary. The Finance Division has reviewed the application and has concluded that the terms of the proposed financing are reasonable and that the funds to be provided by the proposed note issue are needed to implement plant replacements and improvements.

After consideration the Commission finds that:

1. The proposed note would be for proper purposes.
2. The money, property or labor to be procured or paid for by the note herein authorized is reasonably required for the purposes specified herein, which purposes are 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. There is no known opposition and there is no reason to delay granting the relief requested. 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

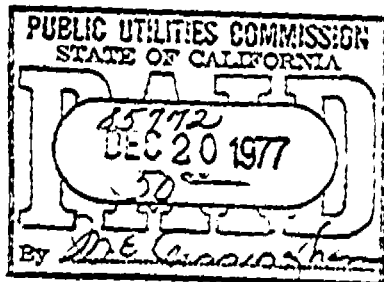
IT IS ORDERED that:

1. On or after the effective date hereof and on or before January 31, 1978, for the purposes specified in the application, Harvey E. West, Sr., Harvey E. West, Jr., and Robert West, doing business as Graeagle Water Company, may issue a note in the principal amount of \$20,000. Said note shall be in substantially the same form as that attached to the application.

2. Harvey E. West, Sr., Harvey E. West, Jr., and Robert West, doing business as Graeagle Water Company, shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

3. This order shall become effective upon payment of the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$50.

Dated at San Francisco, California, this 20th day of DECEMBER, 1977.



Robert Buttrick
President
William J. ...
Virginia L. ...
Richard D. ...

Commissioners

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.