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Decision No. 90705

AUG 28 1979

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 LAWRENCE R. VANONI, dba )  
 "COAST SPRINGS WATER COMPANY" )  
 to execute and issue a \$7,500.00 )  
 unsecured note. )

Application No. 58904  
(Filed May 31, 1979)

O P I N I O N

Lawrence R. Vanoni, doing business as Coast Springs Water Company (Coast Springs), pursuant to Section 818 of the California Public Utilities Code, requests authority to execute and deliver a \$7,500 unsecured note to the Tomales Branch of the Bank of America. The bank has agreed to loan these funds at 13 percent per annum payable in installments of \$136.45 per month over a period of seven (7) years.

Applicant is a sole proprietor engaged in the business of operating a public utility water system in and around the resort area known as Dillon Beach in Marin County, California.

The utility plans to use the proceeds of the note to extend a six-inch fire main from Oceana Drive into the older section of Dillon Beach. This area is presently served by undersized and deteriorated two-inch water mains that do not provide adequate flow and pressure for fire protection. The structures in this area are close together and there is concern that a fire could destroy numerous adjacent structures. The installation of the new main is expected to improve Marin County Fire Department's ability to fight fires in the old part of Dillon Beach and will remove restrictions on new building in the area.

Notice of the filing of this application appeared on the Commission's Daily Calendar of June 4, 1979.

Applicant's Balance Sheet at December 31, 1978 as shown in Exhibit "A" is as follows:

<u>Assets</u>	<u>Amount</u>
Utility Plant less Reserve for Depreciation	\$91,054
Current Assets	<u>3,511</u>
Total	<u>\$94,565</u>
 <u>Liabilities and Proprietorship</u>	
Proprietary Capital	\$40,190
Current Liabilities	4,744
Advances for Construction and Contributions	<u>49,631</u>
Total	<u>\$94,565</u>

Applicant's Income Statement (Exhibit "B") for the year 1978, attached to the application, indicates that Coast Springs generated total operating revenues of \$25,459 and incurred a net operating loss of \$3,259. Applicant received a rate increase under Resolution No. 2505, dated April 24, 1979, based on estimated year 1979 data. This increase is estimated to provide operating revenues of \$4,280.

The Revenue Requirements Division and the Hydraulics Branch of the Utilities Division have reviewed the application and have no objection to granting the authority to obtain the unsecured loan from the Bank of America on the terms shown in the Note, Exhibit I, attached to the application. Because the Marin County Fire Department has restricted further building on certain streets in the community of Dillon Beach until such time as a six-inch water main is built

into the area, the staff recommends that the order be made effective as soon as possible. Since this project will benefit many of the water customers in the area, the cost of the six-inch fire main is properly includible in rate base.

Findings of Fact

1. Coast Springs is a sole proprietorship under the ownership of Lawrence R. Vanoni.
2. Coast Springs is a water utility subject to the jurisdiction of this Commission.
3. The proposed note is for proper purposes.
4. There is no known opposition and no reason to delay granting the authority requested.
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 income.
6. The six-inch main, primarily a distribution main designed to meet the fire flow requirements set forth in Section VIII 1.(a) of General Order No. 103, is a necessary and reasonable addition to the utility's plant and therefore a prudent investment for inclusion in rate base in future proceedings.

Conclusions of Law

1. The application should be granted to the extent set forth in the order which follows.
2. A public hearing is not necessary.

The authorization granted herein 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:

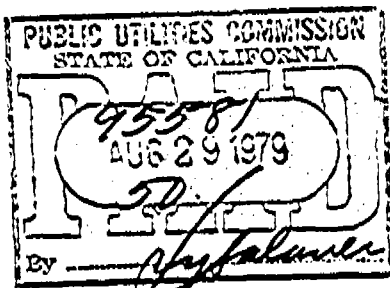
1. On or after the effective date hereof and on or before December 31, 1979, for the purpose specified in the application, Lawrence R. Vanoni, doing business as Coast Springs Water Company, may issue an unsecured promissory note in the principal amount of \$7,500, which note shall be in substantially the same form as that attached to the application.

2. Lawrence R. Vanoni, doing business as Coast Springs 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 28<sup>th</sup> day of AUGUST, 1979.

*John E. Boyce*  
President  
*Richard D. ...*  
*Francis ...*  
Commissioners



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