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Decision No. 9070S AUG 28 1979**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER OF THE APPLICATION OF)
 THE MEADOWBROOK WATER COMPANY, INC.,)
 A CALIFORNIA CORPORATION, FOR AUTH-)
 ORITY TO ESTABLISH A LINE OF CREDIT)
 THAT WILL RESULT IN UNSECURED NOTES)
 TO A MAXIMUM OF \$30,000.00.)

Application No. 58939
 (Filed June 15, 1979)

O P I N I O N

Meadowbrook Water Company, Incorporated, (Meadowbrook), pursuant to Section 818 of the Public Utilities Code, requests authority to issue unsecured promissory notes in the aggregate principal amount not to exceed \$30,000 to Ernest E. Hansen. E. E. Hansen is the sole stockholder of Meadowbrook. He has agreed to loan these funds at an interest rate of ten percent per annum with payments to be adjusted to the utility's ability to pay over a period not to exceed ten years.

Notice of the filing of this application appeared on the Commission's Daily Calendar of June 19, 1979.

Meadowbrook, a California corporation, is a public utility which provides domestic water service in Meadowbrook Woods, also known as Crest Park, an unincorporated community, two miles southwest of Lake Arrowhead, in the County of San Bernardino. Control of Meadowbrook was granted to E. E. Hansen by Decision No. 87861, dated August 9, 1976 in Application No. 57235.

Meadowbrook needs the loan to finance the cost of upgrading and replacing existing water mains. The utility has committed itself to making capital improvements in order to retain a rate increase as provided by Commission Resolution No. W-2393, dated September 6, 1978. The Commission granted the increase, subject to refund, contingent upon the completion of these improvements by October 1, 1981.

Meadowbrook's Balance Sheet at December 31, 1978 as shown in the Annual Report filed with the Commission shows the following data:

<u>Assets</u>	<u>Amount</u>
Water Plant less Reserves	\$31,173
Current and Accrued Assets	<u>1,855</u>
Total	<u>\$33,028</u>
<u>Liabilities and Equity</u>	
Capital Stock Equity	\$22,711
Long-term Debt	8,947
Current and Accrued Liabilities	<u>1,370</u>
Total	<u>\$33,028</u>

The utility's Income Statement for the calendar year 1978 indicates that Meadowbrook generated total operating revenues of \$16,664 and incurred a net loss of \$3,790.

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 issue unsecured promissory notes.

Findings of Fact

1. Meadowbrook is a California corporation and a water utility subject to the jurisdiction of the Commission.
2. The proposed unsecured promissory notes are for a proper purpose.
3. There is no known opposition and no reason to delay granting the authority requested.
4. The money, property or labor to be procured or paid for by the notes 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 income.

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

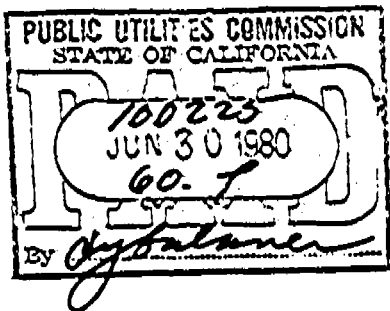
IT IS ORDERED that:

1. On or after the effective date hereof and on or before December 31, 1979, for the purposes specified in the application, Meadowbrook Water Company may issue unsecured notes in the aggregate principal amount not exceeding \$30,000 with terms substantially in accordance with those set forth in the application.

2. Meadowbrook 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 when Meadowbrook Water Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$60.

Dated at San Francisco, California, this 28th day of AUGUST, 1979.



John E. Byrne
President
Richard A. Stinson
Richard A. Stinson
Richard A. Stinson
Commissioners

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