

Decision No. 90962 NOV 6 1979**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of)	
DESCANSO PARK WATER CO., INC. a Cali-)	
fornia corporation, for authority to)	Application No. 59156
execute a loan contract with the)	(Filed September 21, 1979)
United States Small Business Admini-)	
stration for a \$8,600 loan.)	

O P I N I O N

Descanso Park Water Co., Inc. (Descanso) requests authority pursuant to Section 818 of the Public Utilities Code to execute a loan contract with the United States Small Business Administration and to issue a note in the principal amount of \$8,600.

Notice of the filing of this application appeared on the Commission's Daily Calendar of September 25, 1979.

Descanso, a California corporation, is a public utility which furnishes water services to 264 metered and 66 unmetered customers in Descanso, an unincorporated community located approximately 41 miles east of San Diego in San Diego County.

Descanso's Balance Sheet at December 31, 1978, as shown in the annual report filed with the Commission is summarized as follows:

<u>Assets</u>	<u>Amount</u>
Water plant less reserve for depreciation	\$100,737
Other assets	<u>10,087</u>
Total	<u>\$110,824</u>
<u>Liabilities and Equity</u>	
Capital stock equity	\$ 67,321
Advances for construction	6,971
Current and accrued liabilities	<u>36,532</u>
Total	<u>\$110,824</u>

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Descanso's Income Statement for the calendar year 1978 indicates that the utility generated operating revenues of \$42,349 and incurred a net loss of \$2,976.

During the months of January and February 1979, Descanso sustained extraordinary damages to its system and incurred extra expenses connected therewith due to rain and flooding.

Descanso proposes to execute a disaster loan contract with the United States Small Business Administration for the purpose of repairing storm damages. The loan in the amount of \$8,600 is to be repaid in equal monthly payments, over a period of six years, including interest at the rate of 7-3/8 percent per annum on the unpaid balance.

The utility plans to use the proceeds of the loan to repair the damages, caused by the storm. The estimated costs to repair the damages are as follows:

<u>Item</u>	<u>Amount</u>
Labor	\$2,400
Equipment Usage	1,200
Pipeline and Other Materials	<u>5,000</u>
Total	<u>\$8,600</u>

The Hydraulic Branch of the Utilities Division and the Revenue Requirements Division reviewed the application and have concluded that the funds are needed for the purposes set forth in the application.

Findings of Fact

1. The proposed loan contract and the proposed note would be for proper purposes.
2. There is no known opposition and there is no reason to delay granting the relief requested in the application.

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3. 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.

4. Descanso has need for external funds for purposes set forth in the application.

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 herein granted is for the purposes 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. Descanso Park Water Co., Inc., on or after the effective date hereof and on or before March 31, 1980, may execute a loan contract and may issue a note in the principal amount of \$8,600 in favor of the United States Small Business Administration for the purposes and under the terms set forth in the application.

2. Within thirty days after execution of the loan agreement and issuance of the note, Descanso Park Water Co., Inc., shall file one copy of the loan agreement and the note with the Commission.

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3. Descanso Park Water Co., Inc., 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.

4. This order shall become effective when Descanso Park Water Co., Inc., has paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$50.

Dated NOV 6 1979, at San Francisco, California.

John E. Bryson
President
Deanna L. Stinson
Robert D. Kessler
Robert T. Redding
James W. Spitzer
Commissioners

