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Decision No. 92119 AUG 19 1980

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of Santa Clarita Water Company  
for Authority to Borrow Money  
and to Issue a Promissory Note  
In Connection Therewith.

Application No. 59833  
(Filed July 25, 1980)

O P I N I O N

Santa Clarita Water Company (Santa Clarita) requests authority, pursuant to Sections 816 and 818 of the Public Utilities Code, to issue a promissory note in the aggregate principal amount not to exceed \$375,000 to the Bank of America (B of A) for the purposes of refunding the balance of an existing indebtedness to the bank and to pay delinquent property taxes. Notice of the filing of the application appeared on the Commission's Daily Calendar of July 29, 1980.

Santa Clarita is a California corporation owning and operating a public utility water system in an area lying generally north and east of Saugus, Los Angeles County.

For the year ending December 31, 1979, the utility reported total operating revenues of \$1,554,301 and net income of \$109,580. Applicant's attorney provided an income statement attached to his letter of July 24, 1980, showing that during the first six months of 1980, Santa Clarita has generated total operating revenues of \$788,978 and net income of \$69,573.

The utility's balance sheet as of June 30, 1980, is summarized as follows:

<u>Assets and Other Debits</u>	<u>Amount</u>
Utility Plant Less Accumulated Depreciation	\$7,404,254
Current and Accrued Assets	<u>676,326</u>
Total	<u>\$8,080,580</u>
<u>Liabilities and Other Credits</u>	
Common Equity	\$1,981,557
Long-Term Debt	349,598
Current and Accrued Liabilities	795,870
Contributions and Advances for Construction	2,612,017
Deferred Credits and Other Liabilities	<u>2,341,538</u>
Total	<u>\$8,080,580</u>

By Decision No. 84566, dated June 17, 1975, in Application No. 54428 and Amendments, applicant was granted the authority to issue its promissory note in the sum of \$500,000 to B of A for the following purposes:

<u>Purpose</u>	<u>Amount</u>
Retire Existing B of A Loan (as of April 1, 1975)	\$187,000
Main Extension Refund Payment	110,000
Telemetry	55,000
Upper Sky Blue Tank	20,000
Badger Meter Company	55,000
Acquire Saugus Tank Site	17,000
Working Cash	50,000
Gas Engine	<u>6,000</u>
Total	<u>\$500,000</u>

The above loan expired July 1, 1980, with a balance of \$250,000 remaining to be paid. This payment is now due and payable.

In Decision 91372 dated March 4, 1980, in Application No. 57462, the Commission ordered as follows:

"On or before April 1, 1980, and on or before the first day of the month of each quarter year thereafter until all delinquencies, arrearages and open accounts of Bonelli Cattle Company assumed by applicant have been paid in full, applicant shall submit to the Commission a report showing amounts paid and balances due on its delinquent property taxes, main extension contract refunds which are in arrears, and the open accounts of Bonelli Cattle Company assumed by applicant by reason of the merger of Bonelli Cattle Company with applicant."

Santa Clarita's delinquent property taxes currently total approximately \$125,000. In this proceeding, Santa Clarita proposes to borrow from B of A and B of A has agreed to loan Santa Clarita a sum not exceeding \$375,000. These funds would be used to pay the former B of A loan balance, \$250,000, which came due and payable July 1, 1980, and the \$125,000 of delinquent property taxes. A copy of the proposed promissory note Santa Clarita plans to issue to B of A is attached to the application as Exhibit A. The interest rate will remain at one percent over the prime rate.

In Decision No. 92028, dated July 15, 1980, in Application No. 59674, Santa Clarita was authorized to obligate itself to pay a total of \$257,150.13 under an Assumption Agreement with Valley Federal Savings & Loan Association for the purpose of acquiring the office building the utility now occupies. Prior to this decision, Santa Clarita was making net annual rental payments to Rodeo Land Company in the amount of \$32,000. After the assumption of the above loan, payments to Valley Federal Savings & Loan Association (including principal and estimated interest) should aggregate to only \$29,000 culminating in a small savings to the utility.

Under the prior loan by B of A, the utility was making monthly payments approximately \$7,500 per month. Under the proposed loan of \$375,000, the estimated amount of the monthly payment will approximate \$9,500 per month to amortize the principal and service the new debt; therefore, the utility will not be burdened with a new heavy expense.

The Revenue Requirements Division and the Utilities Division have reviewed the application and agree that the applicant's request is reasonable and should be granted.

Findings of Fact

1. Santa Clarita is a California corporation and a public water utility subject to the jurisdiction of this Commission.
2. The issuance of the proposed promissory note by Santa Clarita would be for proper purposes.
3. Santa Clarita has need for external funds for the purposes set forth in the application.
4. The money, property or labor to be procured or paid for by the long-term loan 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.
5. There is no known opposition and no reason to delay granting the authority requested.

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 action taken herein 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. Santa Clarita Water Company, on or after the effective date hereof and on or before December 31, 1980, may issue and deliver to the Bank of America a promissory note in the aggregate principal amount of not exceeding \$375,000, under the terms specified in the note attached as Exhibit A to the application.

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2. Santa Clarita Water Company shall apply the net proceeds from the long-term loan herein authorized for the purposes set forth in the application.

3. Santa Clarita 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.

4. The authority granted by this order shall become effective upon the date Santa Clarita Water Company pays the fee prescribed by Section 1904(b) of the California Public Utilities Code, which fee is \$750.

Dated AUG 19 1980, at San Francisco, California.

John E. Bryan  
President  
Richard D. Gravelle

Richard D. Gravelle  
Richard D. Gravelle  
Commissioners

Commissioner Richard D. Gravelle, being necessarily absent, did not participate in the disposition of this proceeding.

