

WATER/KPC/FLC/KOK/DLW/RHG

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
AUDIT AND COMPLIANCE BRANCH**

**RESOLUTION W-4573
NOVEMBER 18, 2005**

R E S O L U T I O N

RESOLUTION W-4573. WARRING WATER SERVICE INC. (WARRING). ORDER MODIFYING THE AMOUNT OF THE DEBT OBLIGATIONS AUTHORIZED IN RESOLUTION (RES.) W-4557.

By Letter filed October 25, 2005.

SUMMARY

This Resolution modifies the amount of the debt obligations authorized in Res. W-4557, dated August 25, 2005, in Advice Letter No. (AL) 40-W.

Between 1994 and 2000, Warring secured three debt obligations without prior Commission approval. On July 15, 2005, Warring filed AL 40-W, requesting Commission authorization for these debt obligations, in order to rectify its unintentional omission. By Res. W-4557, the Commission approved Warring's filing and recognized the following debt obligations:

1. Small Business Administration loan refinanced by a loan from Bayview Loan Servicing LLC (Bayview), with a principal balance as of June 2005, in the amount of \$443,221.73;
2. Santa Clara Valley Bank loan refinanced by a loan from Santa Barbara Bank and Trust (SBB&T), with a balance as of June 2005, in the amount of \$160,000; and
3. SBB&T revolving line of credit in the amount of \$50,000.

In Res. W-4557, the Commission required Warring to pay a fee in the amount of \$1,306, pursuant to § 1904(b) of the Pub. Util. Code. The total amount subject to fee is \$653,222 (consisting of the current balance of the Bayview loan in the amount of \$443,222, the SBB&T loan balance of \$160,000, plus the SBB&T line of credit of \$50,000).

Warring did not pay the above fee.

MODIFICATION SOUGHT

By letter, filed on October 25, 2005, Warring stated that the SBB&T loan, with a balance of \$160,000, as of June 2005, is a personal loan of the owner, Mr. Gary Pace, and is secured by Mr. Pace's own personal residential property. Warring indicated that the money was given to Warring by Mr. Pace to pay off the cost of a new well. Mr. Pace has decided to re-classify this loan as contributed capital to Warring.

Accordingly, Warring now requests that the SBB&T loan be removed from the authority granted by Res. W-4557.

Warring's proposal raises no questions that should dissuade us from giving favorable consideration to its request. We will approve Warring's request in this order.

The fee for the remaining debt authority granted in Res. W-4557, as set forth by § 1904(b) of the Pub. Util. Code is \$986¹.

On October 28, 2005, Warring paid the fee of \$986 (State Receipt No. 43666).

FINDINGS

1. The \$160,000 loan from SBB&T is a personal loan executed by the owner of Warring, Gary Pace.

¹ The amount subject to fee is \$493,222 (balance of the Bayview loan of \$443,222 plus the SBB&T \$50,000 line of credit). The fee is determined as follows: $(\$2 \times (493,222/1000)) = \986 .

2. Mr. Pace will re-classify this loan as contributed capital to Warring.

3. On October 28, 2005, Warring paid the fee of \$986 required by § 1904(b) of the Pub. Util. Code.

THEREFORE, IT IS ORDERED THAT:

1. Resolution W-4557, in Advice Letter No. 40-W, is hereby modified to remove Ordering Paragraph 2 that refers to the loan executed by Mr. Gary Pace with the Santa Barbara Bank and Trust, with a loan balance of \$160,000, at 6.25% interest rate, and a term of 13 years.
2. Ordering Paragraph 7 of Resolution W-4557 is also modified to reflect a fee from \$1,306 to \$986, set forth by Pub. Util. Code § 1904(b).
3. Warring Water Service Inc. shall re-classify the \$160,000 debt as contributed capital, and shall reflect such change in its next annual report filing to the Commission.
4. Warring Water Service Inc.'s request is granted as set forth above.
5. In all other respects, Resolution W-4557 remains in full force and effect.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on November 18, 2005. The following Commissioners approved it:

STEVE LARSON
Executive Director

MICHAEL R. PEEVEY
President
GEOFFREY F. BROWN
SUSAN P. KENNEDY
DIAN M. GRUENEICH

Resolution W-4573

November 18, 2005

Warring Water Service Inc./Letter/KPC/FLC/KOK/DLW/RHG

JOHN A. BOHN

Commissioners