

ORIGINAL

Decision No. 39009

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of
 SOUTHERN CALIFORNIA WATER COMPANY for
 an order authorizing it to issue and
 sell or otherwise dispose of \$250,000.
 principal amount of its First Mortgage
 4 1/2% Bonds, Series of 1960, to partially
 reimburse its treasury for expenditures
 made between October 1, 1935, and July
 1, 1937, for permanent extensions and
 improvements to its plants and proper-
 ties.

)
)
)
)
) Application No. 21382.
)
)
)
)

Paul Overton, for applicant.

BY THE COMMISSION:

O P I N I O N

Southern California Water Company, a corporation, has applied to the Railroad Commission for an order authorizing it to issue \$250,000 of its First Mortgage 4 1/2% Bonds, Series of 1960, at not less than face value plus accrued interest, for the purpose of reimbursing its treasury, in part, for capital expenditures made between October 1, 1935 and July 1, 1937.

It is reported that applicant, under authority granted by Decision No. 28457, dated December 21, 1935, as amended, executed a trust indenture, dated as of October 1, 1935, which provided, among other things, for the issue of \$3,400,000 of bonds against the property secured by said indenture as it existed on October 1, 1935, and further that applicant did issue under the same authority said \$3,400,000 of bonds, which bonds now are outstanding.

The present application now shows in Exhibit "A" that since October 1, 1935 and up to June 30, 1937 the Company has expended for additions to its fixed capital the sum of \$617,931.65 and has

made retirements of \$207,759.54 resulting in net capital additions for the period of \$410,172.11, against which it has not been authorized to issue any bonds. Of this amount it seems that \$175,000 has been provided through the issue of \$175,000 of common stock authorized by Decision No. 29428, dated January 4, 1937, and that the remainder has been financed primarily through the use of surplus earnings.

In making the present request for permission to issue additional bonds the Company has filed its balance sheet as of June 30, 1937 showing assets and liabilities as follows:

ASSETS

Fixed capital installed		\$7,981,950.08
Construction work in progress		147,040.01
Miscellaneous investments		10,691.61
Current assets -		
Cash and deposits	\$28,314.10	
Accounts receivable	82,229.59	
Materials and supplies	<u>99,796.33</u>	
Total current assets.....		210,340.02
Prepaid expenses		2,415.11
Discount and expense on securities		30,406.97
Suspense		<u>3,320.66</u>
Total assets ...		<u><u>\$8,386,164.46</u></u>

LIABILITIES

Capital stock.....		\$1,548,300.00
Funded debt.....		3,400,000.00
Current liabilities -		
Notes payable	\$27,619.06	
Accounts payable	178,661.20	
Accruals ..	<u>88,815.81</u>	
Total current liabil- ities		295,096.67
Consumers' advances for construction.....		56,912.07
Donations for construction		457,317.37
Reserve for depreciation		1,781,533.71
Other reserves		1,461.79
Capital surplus		333,566.11
Appropriated surplus		166,433.89
Corporate surplus unappropriated		<u>345,536.25</u>
Total liabilities ...		<u><u>\$8,386,164.46</u></u>

A review of the record indicates that the Company may properly be authorized to issue the bonds now requested to reimburse its treasury because of the expenditure of its surplus earnings for capital additions to its properties.

An order will be entered accordingly.

O R D E R

Southern California Water Company having applied to the Railroad Commission for permission to issue \$250,000 face value of bonds, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary, that the money, property or labor to be procured or paid for through the issue of the bonds is reasonably required for the purpose specified herein, and that the expenditures for such purpose are not, in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Southern California Water Company be and it hereby is authorized to issue, at not less than face value plus accrued interest, on or before December 31, 1937, not exceeding \$250,000 face value of its First Mortgage $4\frac{1}{2}\%$ Bonds, Series of 1960, for the purpose of reimbursing its treasury and of financing in part the cost of capital additions to its properties during the period between October 1, 1935 and July 1, 1937, described in Exhibit "A" attached to the application herein, provided

1. That applicant shall keep such record of the issue of the bonds herein authorized and of the disposition of the proceeds as will enable it to file, on or before the 25th day of each month, a verified report as required by the Railroad Commission's General Order No. 24-A, which order in so far as applicable is made a part of this order; and

2. That only such expenditures described in Exhibit "A" as are reasonably chargeable to fixed capital accounts, as defined in the uniform systems of accounts prescribed by this Commission, may be financed through the issue of the bonds herein authorized; and

3. That the authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$250.00.

Dated at San Francisco, California, this 9th day of August, 1937.

Arthur M. ...
George ...
Ray ...
Commissioners.

Fee \$250⁰⁰/₁₀₀
AUG 11 1937
Arthur M. ...

Fee No 33532