

Decision No. 23622

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the)
SAN GABRIEL VALLEY WATER SERVICE,)
a corporation, to issue, sell and de-)
liver \$50,000 principal amount of its)
first mortgage bonds.)

Application No. 23622

BY THE COMMISSION:

ORIGINAL

OPINION

In this proceeding, San Gabriel Valley Water Service, a corporation, asks permission to issue at not less than their face value, \$50,000 of its first mortgage 5% bonds due May 1, 1957 for the purpose of paying indebtedness and financing the cost of additions and betterments.

San Gabriel Valley Water Service is engaged in the business of distributing water for domestic and other purposes in the vicinity of the City of El Monte, and the City of Whittier, Los Angeles County, and in the City of Indio, Riverside County.

As of July 31, 1940, applicant reports its assets and liabilities as follows:-

A S S E T S

Fixed capital	\$543,983.90
Cash	3,316.21
Accounts receivable-consumers	3,841.81
Accounts receivable-Miscellaneous	7,395.55
Materials and supplies	725.03
Suspense	.50
Unamortized bond discount and expense	7,684.52
Prepaid taxes	212.44
Prepaid insurance	500.32
Prepaid expenses	152.85
Total assets	<u>\$567,813.13</u>

LIABILITIES

Capital stock	\$ 72,793.00
Bonds	250,000.00
Notes payable	25,915.34
Contracts payable	4,822.99
Audited vouchers	3,293.74
Accrued liabilities	1,913.49
Suspense	230.22
Consumers deposits	1,090.69
Consumers advances for construction	17,082.04
Donations in aid of construction	48,663.14
Accrued interest	3,125.00
Reserve for depreciation	47,592.99
Surplus	91,240.49

Total liabilities \$567,813.13

For the year ending July 31, 1940, the company shows operating revenues of \$88,337.43. For the same year it reports a net income of \$23,674.64. From this should be deducted the interest credit to the company's depreciation reserve.

San Gabriel Valley Water Service, under permission granted by the Commission, has recently acquired at a cost of \$20,000 the properties of the McNeese Park Water Company. For the purpose of paying for such properties, as well as to pay for additions and betterments, applicant has found it necessary to borrow \$30,500 from the Bank of America, National Trust and Savings Bank. The loan is payable at the rate of \$3,500 per month.

It is also engaged in installing further additions and betterments as follows:

<u>Whittier District:</u>	6,000' 10" pipe	\$6,000
	600' 6" pipe	450
	1,600' 4" pipe	800
	New Whittier pumping plant, lot and building	5,000
	Total	<u>\$12,250</u>
<u>El Monte District:</u>	New pumping plant #4	\$ 5,000
	1,600' 10" pipe line	1,600
	1,000' 6" pipe line	750
	Total	<u>\$ 7,350</u>
	Grand total	<u><u>\$19,600</u></u>

The installation of these improvements will reduce applicant's operating expenses and should increase its net revenue by about \$5,000.

Applicant will use the proceeds realized from the sale of the \$50,000 of bonds to pay its bank loan of \$30,500 and to pay the cost of the said additions and betterments in said Whittier and El Monte Districts.

ORDER

The Commission having considered the request of San Gabriel Valley Water Service for permission to issue \$50,000 of its first mortgage 5% bonds due May 1, 1957, and it being of the opinion that this is not a matter in which a hearing is necessary, that the money, property or labor to be procured or paid for through the issue of said \$50,000 of bonds is reasonably required by applicant for the purposes herein stated, that the expenditures for said purposes are not in whole or in part reasonably chargeable to operating expenses or to income, and that this application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED that San Gabriel Valley Water Service be, and it is hereby, authorized to issue and sell, after the effective date hereof and prior to December 1, 1940, at not less than their face value, not exceeding \$50,000 first mortgage 5% bonds due May 1, 1957, and use the proceeds to pay its bank loan of \$30,500 and the cost of the additions and betterments to its properties in its Whittier and El Monte Districts, to which reference is made in the foregoing opinion.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective when San Gabriel Valley Water Service has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Fifty (\$50.00) Dollars.

IT IS HEREBY FURTHER ORDERED that San Gabriel Valley Water Service shall file with the Railroad Commission a report or reports, such as are required by the Railroad Commission's General Order No. 24-A, which order insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 20th day of August, 1940.



Ray L. Rice
Frank R. Smith
Richard H. ...
...
Justus J. Coover
COMMISSIONERS