

Decision No. 41252

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
PUBLIC UTILITIES CALIFORNIA CORPORATION)For an order authorizing it to issue)
an unsecured 25 Year 3-1/2% promissory)
note in the principal amount of)
\$782,823.22.)
-----)ORIGINAL
Application
No. 29060Orrick, Dahlquist, Neff, Brown & Herrington, by
N. D. Rowley, for applicant.

O P I N I O N

Public Utilities California Corporation, applicant herein, is a corporation engaged, as a public utility, in distributing water in and about North Sacramento, Niles, Guerneville, Monte Rio, Montara, Half Moon Bay, Ben Lomond, Boulder Creek and Brookdale, and other points; and in furnishing telephone service in and about Elk Grove, Rio Vista, Ferndale, Susanville, Alturas and other points, with toll lines to Reno, Nevada, and Lakeview, Oregon.

The company's financial reports on file with the Commission show its revenues and expenses, in summary form, for the last two calendar years as follows:

	<u>1946</u>	<u>1947</u>
Operating revenues	\$	\$
Water	206,565.44	230,340.60
Telephone	345,567.13	389,461.09
Total	<u>552,132.57</u>	<u>619,801.69</u>
Operating expenses	448,263.15	501,913.14
Operating income	103,869.42	117,888.55
Non-operating income	2,258.03	950.00
Gross income	<u>106,127.45</u>	<u>118,838.55</u>
Interest and other deductions	<u>47,725.75</u>	<u>47,810.11</u>
Net income	<u>\$ 58,401.70</u>	<u>\$ 71,028.44</u>

The company reports its investment in fixed capital at \$2,189,352.09 which, it appears, has been financed through the issue of common stock and notes and the investment of earnings. As of December 31, 1947, it reports its assets and liabilities as follows:

<u>Assets</u>	
Fixed capital	\$2,189,352.09
Other investments	20,000.00
Current assets -	
Cash and deposits	\$28,097.56
Notes and accounts receivable	84,929.72
Materials and supplies	77,816.40
Accrued utility revenue	12,698.72
Prepayments	6,083.00
Other items	<u>3,185.96</u>
Total current assets	212,811.36
Deferred debits	<u>8,576.36</u>
Total Assets	<u>\$2,430,739.81</u>

<u>Liabilities</u>	
Common stock	\$ 500,000.00
Long-term note	782,823.22
Current liabilities -	
Accounts payable	\$63,514.36
Due associated companies	96,083.21
Customers' deposits	2,488.99
Taxes accrued	47,677.79
Other items	<u>20,955.79</u>
Total current liabilities	230,720.14
Customers' advances for construction	30,218.82
Reserves for depreciation	569,511.22
Other reserves	24,931.33
Contributions in aid of construction	5,925.68
Surplus	<u>286,609.40</u>
Total Liabilities	<u>\$2,430,739.81</u>

Applicant's gross construction expenditures during 1947 amounted to about \$222,108, segregated as follows:

Water Department	\$101,689
Telephone Department	120,419

For 1948 applicant estimates its construction expenditures at about \$506,000, segregated as follows:

Telephone Department:	
Additions	\$109,000
Replacements	198,000
Water Department:	
Additions	120,000
Replacements	79,000

Applicant's Vice President and General Manager testified that it will be able to finance about one-half of its 1948 construction expenditures from its depreciation reserve and earnings available for dividends, and that it will borrow the remainder from Citizens Utilities Company.

The outstanding stock and the long-term note are held by or for Citizens Utilities Company. The note represents the unpaid balance of an original indebtedness of \$1,000,000 dated October 18, 1934, and maturing March 1, 1948, with interest at the rate of 6% per annum. The stock and note were issued pursuant to authority granted by the Commission by Decision No. 27426, dated October 8, 1934, in Application No. 19619. The principal amount of the note has been reduced by the use of \$217,176.78 of proceeds received through the sale of some of the company's properties.

The note is due March 1, 1948, and applicant proposes to issue a new note in renewal. Said note will be unsecured, will be dated March 1, 1948, will mature on March 1, 1973, and will bear interest at the rate of 3-1/2% per annum. The company will have the right, at its option, at any time to prepay without penalty in an amount not less than \$10,000, or any multiple thereof, any part or all of the principal amount.

A copy of the proposed note has been filed in this proceeding as Exhibit "B". The company's assets and earnings appear

to be ample to support the issue and an order accordingly will be entered.

O R D E R

Public Utilities California Corporation having applied to the Public Utilities Commission for permission to issue a note for \$782,823.22, a public hearing having been held before Examiner Fankhauser, and the Commission having considered the matter and being of the opinion that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of said note is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED as follows:

1. Public Utilities California Corporation may, after the date hereof and on or before April 30, 1948, issue an unsecured note for not exceeding \$782,823.22 in substantially the form of the note filed with the application herein as Exhibit "B", for the purpose of refunding the outstanding note of like amount now outstanding.
2. Applicant shall file with the Commission a report of the issue of the note as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

Dated at San Francisco, California, this 24th day
of February, 1948.

R. J. [unclear]
Justin F. [unclear]
Frank [unclear]
Harold [unclear]
Samuel [unclear]
Commissioners

