

UNRECORDED

Decision No. 44451

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)
SOUTHERN CALIFORNIA WATER COMPANY)
for authority to issue and deliver)
its promissory notes representing)
bank loans not exceeding an aggre-)
gate of \$1,000,000 at any one time)
outstanding.)
-----)

Application
No. 31488

O P I N I O N

In this application, Southern California Water Company seeks authority to issue promissory notes in an aggregate amount not exceeding \$1,000,000, pursuant to the terms of a credit agreement with Harris Trust and Savings Bank, for the purpose of financing capital additions.

Applicant is engaged as a public utility in distributing and supplying water in portions of the Counties of Los Angeles, Orange, Ventura, San Bernardino, Imperial and Sacramento, and in distributing and supplying electricity at Bear Valley in San Bernardino County. In addition it is engaged in the ice business at Barstow. Its annual reports to the Commission for the last five years show, among other things, the following items:

	Utility Operating Revenues	Net Income	Increase in Utility Plant - Net	Consumers-Dec. 31	
				Water	Electric
1945	\$1,726,033	\$255,060	\$ 327,341	60,945	1,621
1946	1,926,037	300,295	880,519	65,532	2,086
1947	2,178,186	394,075	1,530,847	73,236	2,769
1948	2,399,298	417,613	1,663,253	82,257	2,949
1949	2,553,304	456,978	1,680,541	88,951	2,826

Approximately 92% of applicant's operating revenues is obtained from its water operations.

As of December 31, 1949, applicant reports its assets and liabilities as follows:

Assets

Utility plant -		
Electric	\$ 665,520.64	
Water	<u>14,951,269.59</u>	
Total utility plant		\$15,616,790.23
Other investments		166,614.96
Current assets -		
Cash and deposits	494,000.86	
Temporary cash investments	498,710.00	
Accounts receivable	202,307.84	
Materials and supplies	295,997.23	
Prepayments	<u>122,878.68</u>	
Total current assets		1,613,894.61
Deferred debits		98,995.91
Capital stock expense		<u>71,720.04</u>
	Total	<u>\$17,568,015.75</u>

Liabilities

Common stock		\$ 2,099,245.00
Preferred stock		2,488,750.00
Premiums on stock		101,120.00
Bonds		6,090,000.00
Current liabilities -		
Accounts payable	\$ 153,846.72	
Customers' deposits	70,610.96	
Accrued liabilities	<u>372,891.93</u>	
Total current liabilities		597,349.61
Deferred credits		763,924.96
Reserves		3,722,006.84
Contributions		664,307.16
Surplus		<u>1,041,312.18</u>
	Total	<u>\$17,568,015.75</u>

Applicant now is entering into a credit agreement with Harris Trust and Savings Bank, of Chicago, under the terms of which said bank will agree to advance to applicant, at any time or from time to time up to and including June 30, 1951, an aggregate amount of \$1,000,000. The amounts thus to be borrowed will be represented by notes payable on September 1, 1952, with interest at the rate of

2-3/8% per annum. In addition, the company will agree to pay to the bank a commitment fee computed at the rate of 1/4 of 1% per annum on the average daily unused amount of the commitment of the bank. The application indicates that Harris Trust and Savings Bank may grant to California Bank, of Los Angeles, a right to participate in the loans authorized under the credit agreement.

Applicant proposes to use the net proceeds from the issue of its notes to finance in part the cost of property acquisitions. In support of its request, applicant has submitted as Exhibit B a condensed statement of its capital budget for the year 1950 showing estimated expenditures in the aggregate amount of \$1,362,300, segregated as follows:

Source of water supply	\$ 310,000
Distribution system	820,500
Meters and services	195,450
Electric system	80,000
Operating buildings	42,500
Barstow ice plant	1,500
Automobiles	25,500
Power tools and appliances	8,500
General office equipment	9,000
Contingencies	7,050
Total	<u>1,500,000</u>
Less: consumer deposits	<u>137,700</u>
Net	<u>\$1,362,300</u>

The application shows that the budget is subject to change, both with respect to the estimated expenditures and the character of the property involved. To the extent that prior to the borrowing of funds applicant has paid any of such costs from its income or from other money in its treasury, the sums thus borrowed may be applied to reimburse its treasury. Although a portion of the funds covered by the credit agreement may be loaned in 1951, the sums so borrowed will be applied to reimburse applicant, in whole or in part, on account of expenditures made under the proposed 1950 budget. In addition,

applicant intends to apply a portion of the proceeds from the loans to reimburse itself for the expenditure of \$79,686.79 made by it in acquiring the outstanding shares of capital stock of Martin and Gould Water Corporation. The acquisition of such shares of stock was authorized by the Commission by Decision No. 43803, dated February 14, 1950.

A review of the application clearly indicates that applicant has need for funds to be obtained under the credit agreement to meet its capital requirements. Accordingly, an order will be entered in this proceeding.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing thereon is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of said notes is reasonably required by applicant for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

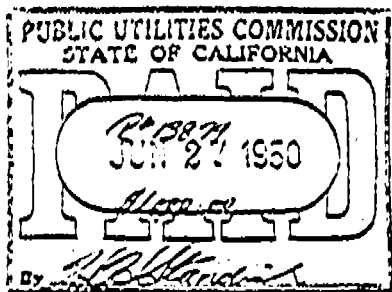
IT IS HEREBY ORDERED as follows:

1. Southern California Water Company, after the effective date hereof and on or before June 30, 1951, may issue its promissory notes in the aggregate principal amount of not exceeding \$1,000,000 at any one time outstanding for the purposes indicated in this application, said notes to be issued pursuant to the terms of the credit agreement with Harris Trust and Savings Bank, which credit agreement applicant may execute.

2. Applicant shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. 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 one thousand (\$1,000.00) dollars.

Dated at San Francisco, California, this 27th day of June, 1950.



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[Handwritten signature: Earl Powell]

[Handwritten signature: Harold P. Kule]

Commissioners