

ORIGINAL

Decision No. 45506

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
Southern California Water Company,	:	
a corporation, and Martin and Goold)	
Water Corporation, a corporation, for	:	
an order (a) authorizing Martin and)	
Goold Water Corporation to issue and	:	Application
deliver its promissory notes repre-)	No. 32208
senting bank loans not exceeding an	:	
aggregate of \$160,000 principal amount,)	
and (b) authorizing Southern California	:	
Water Company to guarantee said promis-)	
sory notes.	:	
-----)	

O P I N I O N

This is an application for an order of the Commission authorizing Martin and Goold Water Corporation, hereinafter referred to as the corporation, to issue promissory notes in the aggregate principal amount of \$160,000 in accordance with the terms of a proposed loan agreement, and authorizing Southern California Water Company to guarantee the payment of said notes. A copy of the proposed loan agreement, including a copy of the form of note and a copy of the guarantee, has been filed with the application as Exhibit C.

Martin and Goold Water Corporation is a public utility engaged in distributing water in the vicinity of El Monte, Temple City and Arcadia, in Los Angeles County. In financial reports filed with the Commission it has reported its investment in fixed capital at the close of each of the last five years and its operating revenues and net income as follows:

	<u>Fixed Capital</u>	<u>Operating Revenues</u>	<u>Net Income</u>
1946	\$131,702.83	\$28,453.28	\$ 1,245.61
1947	162,829.92	38,239.16	2,426.15
1948	200,620.08	48,941.54	4,225.61
1949	242,185.17	57,309.72	7,056.31
1950	317,604.99	71,597.90	21,911.39

The assets, liabilities and net worth of the corporation as of December 31, 1950, are shown below:

Assets

Fixed assets -		
Intangible capital	\$ 796.66	
Tangible capital	316,808.33	
Less-Reserve for depreciation	<u>68,214.91</u>	
Net fixed assets		\$249,390.08
Current assets -		
Cash	4,002.23	
Accounts receivable	6,758.03	
Materials and supplies	3,585.19	
Prepaid expenses	<u>255.39</u>	
Total current assets		<u>14,600.84</u>
	Total	<u>\$263,990.92</u>

Liabilities and Net Worth

Current liabilities -		
Notes payable to Southern California Water Company, 5%, due on demand	\$ 37,000.00	
Accounts payable	6,530.77	
Accrued liabilities	6,130.70	
Customers' deposits	<u>360.50</u>	
Total current liabilities		\$ 50,021.97
Customers' advances for construction		110,380.34
Donations in aid of construction		23,136.50
Capital stock		50,000.00
Surplus		<u>30,452.11</u>
	Total	<u>\$263,990.92</u>

The corporation reports that its additions to fixed capital during 1950 aggregated \$75,503.27, a portion of which was provided through the issue of demand notes, and that its capital expenditures during 1951 are estimated at \$73,000 to provide for additional wells, mains, services, and other requirements as set forth in Exhibit E. The application indicates that the corporation finds it necessary to obtain \$160,000 from outside sources to reimburse its treasury, to provide for estimated capital expenditures and expenses incident to the loan it proposes to make, and to retire its outstanding demand notes.

To obtain such funds it appears that the corporation has made, or is making, arrangements for the execution of a loan agreement with California Bank, whereby said bank will agree, among other

things, to loan to the corporation at any time, or from time to time, up to and including January 2, 1953, the aggregate sum of \$160,000, the amounts to be thus borrowed to be represented by notes bearing interest on the unpaid principal amount at the rate of 3% per annum and to mature on January 31, 1953.

All the outstanding stock of Martin and Goold Water Corporation is held by Southern California Water Company, a public utility engaged in distributing water in certain portions of the counties of Los Angeles, Orange, Ventura, San Bernardino, Imperial and Sacramento, and in distributing electricity at Bear Valley, in San Bernardino County. Southern California Water Company has agreed to guarantee the payment of the indebtedness to be incurred by its subsidiary under the terms of the loan agreement.

A review of the application clearly indicates that Martin and Goold Water Corporation will have need for the additional funds to improve its cash position and to provide for the expansion of its water system.

ORDER

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 the notes herein authorized is reasonably required by Martin and Goold Water Corporation for the purposes specified herein; and that such purposes, except as otherwise authorized, are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Martin and Goold Water Corporation, after the effective date hereof and on or before January 2, 1953, may issue its promissory notes in the aggregate principal amount of not to exceed \$160,000 at any one time outstanding, such notes to be issued in accordance with the terms of the proposed loan agreement with California Bank, which loan agreement said Martin and Goold Water Corporation may execute.

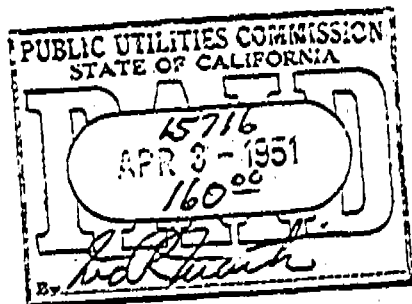
2. Martin and Goold Water Corporation shall use the proceeds to be received from the issue of the notes herein authorized for the purposes set forth in this application.

3. Southern California Water Company may guarantee the payment of the indebtedness which Martin and Goold Water Corporation may incur under the said loan agreement.

4. Martin and Goold Water Corporation shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

5. The authority herein granted will become effective when Martin and Goold Water Corporation has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is one hundred sixty (\$160.00) dollars.

Dated at San Francisco, California, this 3rd day of April, 1951.



R. F. [Signature]
Justus J. [Signature]
Harold P. [Signature]
[Signature]
[Signature]
Commissioners