

Decision No. 45732

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
)
 THE CAMPBELL WATER COMPANY)
)
 for an order authorizing it (a) to)
 execute a loan agreement with Pacific)
 Mutual Life Insurance Company for a)
 loan of \$75,000; (b) to issue its)
 promissory note in the amount of)
 \$75,000 pursuant to said agreement;)
 and (c) to execute a mortgage of)
 chattels and real property securing)
 said promissory note.)
 -----)

Application
No. 32373

O P I N I O N

In this application, The Campbell Water Company seeks an order authorizing it to execute a loan agreement, to issue a promissory note in the amount of \$75,000, and to execute a mortgage of chattels and real property.

For the purpose of financing the cost of additions to its properties, applicant heretofore issued a 3½% note to American Trust Company in the principal amount of \$50,000 under authority granted by Decision No. 38831, dated April 9, 1946, and, thereafter, an additional note to the same bank in the principal amount of \$20,000, with interest at the rate of 4% per annum, under authority granted by Decision No. 41183, dated February 3, 1948. It now reports that the aggregate principal amount of these two notes has been reduced to \$51,000, and that it desires to execute a credit agreement with Pacific Mutual Life Insurance Company and to borrow, pursuant to the terms of said agreement, the sum of \$75,000 for the purpose of paying the presently outstanding indebtedness and of reimbursing its treasury and of financing the cost of additions and betterments during 1951.

In support of its request to borrow additional sums, applicant states that by reason of an increased demand for new service it is necessary for it to make additions to its plants and properties during this year in the aggregate amount of \$24,492.80, segregated as follows:

<u>Addition or Betterment</u>	<u>Estimated Cost</u>
Pump column and shafting	\$ 2,812.80
Drilling new well (approximately 650 ft.)	7,300.00
Purchase of motor and installation of pump	1,000.00
Purchase of new truck with special body	3,200.00
Purchase of approximately 150 ft. of 8" C.I. pipe and installation thereof on Latimer Avenue	600.00
Purchase of approximately 500 ft. of 6" C.I. pipe and installation thereof on Sunnyside Avenue	1,500.00
Purchase of 92 Rockwell meters	1,730.00
Installation of electricity for new pump at 3A	750.00
Purchase of approximately 1550 ft. of 6" C.I. pipe and replacement of old line on Esther therewith	4,300.00
Protective painting of tank	<u>1,300.00</u>
Total	<u>\$24,492.80</u>

The increase in applicant's operations during the last five years is indicated by the following data contained in its annual reports to the Commission:

	<u>Increase in Fixed Capital</u>	<u>Operating Revenue</u>	<u>Net Oper. Revenue</u>	<u>Service Connections</u>
1946	\$28,544	\$44,749	\$ 5,851	1,043
1947	17,114	51,348	8,039	1,198
1948	61,751	60,952	10,708	1,268
1949	50,439	69,396	10,079	1,389
1950	15,071	74,996	15,668	1,549

Applicant's assets and liabilities as of March 31, 1951, are as follows:

Assets

Plant and property	\$318,624.99	
Less-Reserve for depreciation	<u>85,094.65</u>	
Net investment in plant and property		\$233,530.34
Current assets		<u>5,554.25</u>
	Total	<u>\$239,084.59</u>

Liabilities

Notes payable	\$ 51,000.00	
Current liabilities	5,318.52	
Consumers' advances	40,367.63	
Donations for construction	199.99	
Capital stock	125,000.00	
Surplus	<u>17,198.45</u>	
	Total	<u>\$239,084.59</u>

The sum applicant now proposes to borrow will be represented by a note for \$75,000 bearing interest at the rate of 4½% per annum, payable semi-annually. The new note will be payable in annual installments of \$3,000 on November 1 of each of the years 1952 to 1970, inclusive, with final payment being due on May 1, 1971, as compared with the required payments on the present notes of \$5,000 on November 1, 1951, and of \$7,000 on November 1 of each of the years 1952 to 1954, inclusive, and \$25,000 on November 1, 1955. At the conclusion of the financing, the new note will constitute applicant's entire outstanding indebtedness, except for current liabilities and consumers' advances.

A review of the application clearly indicates that applicant has need for additional funds from external sources to enable it to meet its capital requirements, and that its assets and earnings are ample to support the issue of the note requested in this application.

O R D E R

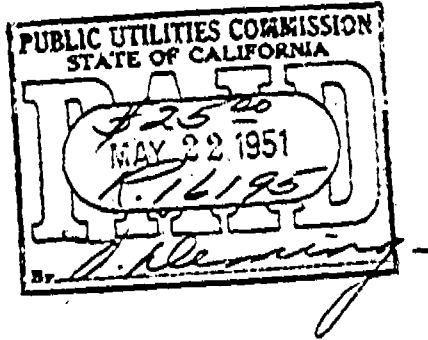
The Commission having considered the above entitled matter, and being of the opinion that a public hearing thereon is not necessary; that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for through the issue of the note herein authorized 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. The Campbell Water Company, after the effective date hereof and on or before September 30, 1951, may enter into a loan agreement with Pacific Mutual Life Insurance Company in substantially the same form as that filed in this proceeding as Exhibit B.
2. The Campbell Water Company, after the effective date hereof and on or before September 30, 1951, may execute a mortgage of chattels and real property and may issue a note in the principal amount of \$75,000 for the purposes indicated in this application, which mortgage of chattels and real property and note shall be in, or substantially in, the same forms as those filed in this proceeding as Exhibit C and Exhibit D, respectively.
3. The Campbell Water Company 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.
4. The authority herein granted will become effective when The Campbell Water Company has paid the minimum fee prescribed

by Section 57 of the Public Utilities Act, which fee is twenty-five (\$25.00) dollars.

Dated at San Francisco, California, this 22nd day of May, 1951.



R. J. [Signature]
Justus J. [Signature]
Harold A. [Signature]
[Signature]
Commissioners