

ORIGINALDecision No. 45757

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
AIRWAYS WATER COMPANY, INC.,)	
a California Corporation,)	Application
For authority to issue a)	No. 32395
Promissory Note.)	
-----)	

O P I N I O N

Airways Water Company, Inc. has filed this application for authority to execute a loan agreement and to issue a note in the principal amount of \$17,500 for the purpose of paying outstanding indebtedness and of financing the cost of additions to its plant and equipment.

Applicant is a California corporation engaged in operating a public utility water system within an unincorporated area in the County of Los Angeles adjacent to the southern boundary line of the City of Los Angeles on Imperial Highway and east of Inglewood-Redondo Boulevard. Its annual reports for the last five years show its operating revenues, depreciation charges and net income during each of those years, and its investment in fixed capital and its number of service connections at the end of each year, as follows:

	<u>Operating</u> <u>Revenues</u>	<u>Depreciation</u> <u>Charges</u>	<u>Net</u> <u>Income</u>	<u>Fixed</u> <u>Capital</u>	<u>Service</u> <u>Connections</u>
1946	\$21,780	\$2,646	\$(1,304)	\$ 64,826	1,162
1947	25,777	2,969	(1,061)	74,449	1,195
1948	26,704	3,196	31	75,229	1,209
1949	28,305	3,347	(448)	79,609	1,215
1950	38,955	4,502	1,303	139,498	1,835

By Decision No. 44613, dated August 1, 1950, the Commission approved increased rates for applicant which were designed to

produce net operating revenues of \$3,600.

In a statement filed as Exhibit A, applicant has reported its assets and liabilities as of March 31, 1951. A summary of the same is as follows:

Assets

Fixed assets -		
Investment in plant	\$139,558.09	
Construction work in progress	<u>9,549.81</u>	
	149,107.90	
Less-Reserve for depreciation	<u>24,448.01</u>	
Net fixed assets		\$124,659.89
Current assets -		
Cash and deposits	1,755.17	
Accounts receivable	1,177.92	
Prepaid insurance	<u>555.64</u>	
Total current assets		3,488.73
Suspense		<u>7,889.40</u>
		\$136,038.02
	Total	

Liabilities

Funded debt		\$ 25,000.00
Current liabilities -		
Notes payable	\$ 7,500.00	
Advances from system corporations	8,200.00	
Accounts payable	9,712.29	
Accrued liabilities	4,134.90	
Service paid in advance	<u>117.25</u>	
Total current liabilities		29,664.44
Consumers' advances for construction		43,419.74
Donations in aid of construction		31,695.00
Reserve for taxes		139.23
Net worth -		
Capital stock	11,880.00	
Corporate deficit	<u>(5,760.39)</u>	
Total net worth		<u>6,119.61</u>
	Total	\$136,038.02

Applicant now reports that it has need for additional funds and that it has made, or is making, arrangements to borrow \$17,500 from Bank of America National Trust and Savings Association for the purpose of paying the outstanding notes of \$7,500 which it states were issued to provide the cost of a reservoir and pumping equipment, of paying outstanding accounts in the amount of \$5,907.81

incurred in connection with its construction work in progress, and of providing \$4,092.19 for additional plant equipment.

The sum to be thus borrowed will be represented by an unsecured promissory note in the principal amount of \$17,500 with interest, payable quarterly on deferred balances, at the rate of 5% per annum, said principal sum to be repaid in quarterly installments of \$875 each until the entire balance shall have been paid.

A review of the application indicates that applicant has need for the funds to be realized through the issue of the proposed note.

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. Airways Water Company, Inc., after the effective date hereof and on or before December 31, 1951, may execute a loan agreement in substantially the same form as that filed in this proceeding, and may issue its promissory note in the principal amount of \$17,500, pursuant to the terms of said loan agreement, for the purposes indicated in this application.

2. Airways Water Company, Inc. 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.

3. The authority herein granted will become effective when Airways Water Company, Inc. 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 29th day of May, 1951.

James J. [unclear]
Justus J. Casper
Harold A. Hill
Samuel H. Potter
John E. [unclear]
Commissioners

