

Decision No. 47183

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
San Gabriel Valley Water Company for	:	
an order authorizing it to issue and)	
sell \$500,000 principal amount of its	:	
First Mortgage 3-7/8% Improvement)	
Fund Bonds, Series E, Due April 1, 1982,	:	Application
and to execute to Bank of America)	No. 33383
National Trust and Savings Association,	:	
as Trustee, an indenture supplemental to)	
the existing Indenture, as amended,	:	
securing the Company's bonded indebted-)	
ness.	:	
-----)	

O P I N I O N

This is an application filed by San Gabriel Valley Water Company for an order authorizing it to execute a supplemental indenture creating a new series of bonds and to issue and sell \$500,000 in principal amount of its First Mortgage 3-7/8% Improvement Fund Bonds, Series E, Due April 1, 1982.

Applicant is engaged in operating public utility water systems for the distribution of water primarily for domestic and commercial purposes in portions of the counties of Los Angeles and San Bernardino near El Monte, Whittier and Fontana, supplying approximately 26,900 consumers at the close of 1951, according to its latest annual report on file with the Commission. The report shows that at the end of the year applicant had invested \$4,082,399 in its plants and properties, and that it had financed its costs, in part, through the issue of \$2,000,000 of 3-3/8% bonds now outstanding, with consumers' advances for construction, and through the use of earnings from operations and equity capital. Its balance sheet as of the close of 1951 is shown as follows:

Assets

Fixed capital		\$4,082,399.54
Other investments		150,000.00
Current assets -		
Cash and deposits	\$110,913.75	
Accounts receivable	37,036.81	
Materials and supplies	191,656.46	
Prepaid expenses	<u>21,222.28</u>	
Total current assets		360,829.30
Deferred charges		<u>23,147.82</u>
Total		<u>\$4,616,376.66</u>

Liabilities

Funded debt		\$2,000,000.00
Current liabilities -		
Accounts payable	\$149,742.93	
Accrued liabilities	<u>87,621.26</u>	
Total current liabilities		237,364.19
Consumers' advances for construction		808,744.35
Donations in aid of construction		34,035.72
Reserves		542,847.60
Common stock		313,442.54
Surplus		<u>679,942.26</u>
Total		<u>\$4,616,376.66</u>

For the last three years applicant has reported its revenues and expenses as follows:

	<u>1949</u>	<u>1950</u>	<u>1951</u>
Operating revenues	\$531,115.70	\$627,471.96	\$799,173.72
Operating expenses	<u>461,424.64</u>	<u>527,378.70</u>	<u>636,370.53</u>
Net operating revenues	69,691.06	100,093.26	162,803.19
Net income charges	<u>29,831.75</u>	<u>57,216.34</u>	<u>61,343.55</u>
Balance for year	<u>\$ 39,859.31</u>	<u>\$ 42,876.92</u>	<u>\$101,459.64</u>

During this three-year period the number of active service connections increased from 17,331 to 26,968. Applicant reports that the growth in its service areas has made necessary large expenditures for the improvement and extension of its facilities and that it has become necessary for it to sell additional bonds at this time. Subject to receiving authorization from the Commission, it intends to dispose of the proposed issue to Occidental Life Insurance Company of California at a price of not less than 100% of the principal amount plus accrued interest, and to use approximately \$3,675 of the proceeds

to pay expenses incident to the issue and sale of said bonds and to use the remaining proceeds to pay indebtedness and to finance, in part, capital additions. In this connection it reports its estimated expenditures during 1952 as follows:

Lands	\$ 20,000
Buildings	28,500
Wells	20,000
Pumps	41,000
Mains	265,500
Reservoirs and tanks	68,000
Services	60,000
Meters	150,000
Miscellaneous	<u>6,000</u>
Total	<u>\$659,000</u>

A review of the application and of the annual financial statements clearly indicates that applicant will have need for additional funds as it proceeds with its construction program and that its earnings should be ample to support the issue of bonds, as now requested. Accordingly, an order will be entered in this matter.

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 by the issue of the bonds herein authorized is reasonably required by applicant 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. San Gabriel Valley Water Company, after the effective date hereof and on or before September 30, 1952, may execute a Fifth

Supplemental Trust Indenture, in substantially the same form as that filed in this proceeding.

2. San Gabriel Valley Water Company, after the effective date hereof and on or before September 30, 1952, may issue and sell not exceeding \$500,000 in principal amount of its First Mortgage 3-7/8% Improvement Fund Bonds, Series E, Due April 1, 1982, in accordance with the terms of the purchase agreement filed in this proceeding, at a price of not less than 100% of the principal amount plus accrued interest, for the purposes set forth in this application. The accrued interest to be received upon the sale of said bonds may be used for general corporate purposes.

3. San Gabriel Valley 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 San Gabriel Valley Water Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is five hundred (\$500.00) dollars.

Dated at San Francisco, California, this 27th day of May, 1952.

[Signature]
 President
[Signature]
[Signature]
[Signature]
 Commissioners

