

**ORIGINAL**

Decision No. 48017

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
SOUTHERN CALIFORNIA WATER COMPANY )  
for an order authorizing it to issue )  
its bonds and to mortgage its prop- )  
erties. )  
----- )

Application  
No. 33859

O P I N I O N

This is an application for an order of the Commission authorizing Southern California Water Company to execute a supplemental indenture and to issue and sell \$1,000,000 in principal amount of a new series of bonds, to be designated as First Mortgage Bonds, 3.60% Series due 1982, for the purpose of paying indebtedness and of financing the cost of construction expenditures.<sup>(1)</sup> Applicant proposes to sell its bonds at 99.54% of the principal amount, plus accrued interest from December 1, 1952, to the date of delivery of the bonds, to three institutional purchasers as follows:

Aetna Life Insurance Company	\$500,000
Kansas City Life Insurance Company	250,000
United Benefit Life Insurance Company	250,000

Applicant is engaged primarily in the distribution of water in southern California. Its financial statements on file in this proceeding show that at the end of September, 1952, it had invested \$14,137,716 in its plant and property, after deducting the reserve for depreciation, and that, in general, it had financed

(1)  
Counsel for applicant with his letter dated November 28, 1952, filed a copy of the proposed supplemental indenture. The document was received in the office of the Commission on December 1, 1952.

itself through the issue of bonds and shares of preferred and common stock and through the use of earnings from operations and consumers' advances for construction. Its capital structure, excluding consumers' advances, as of September 30 is as follows:

First mortgage bonds -			
2-7/8% series due 1977	\$5,100,000		
3% series due 1978	<u>970,000</u>		
Total bonds		\$ 6,070,000	46.9%
Notes		500,000	3.9
Preferred stock -			
4-1/4% series, issue of 1945	\$ 800,000		
4% series, issue of 1946	800,000		
4-1/2% convertible series, issue of 1948	<u>701,200</u>		
Total preferred stock		2,301,200	17.8
Equity capital		<u>4,069,692</u>	<u>31.4</u>
Total		<u>\$12,940,892</u>	<u>100.0%</u>

Since September 30 applicant has issued additional notes and in its application reports \$800,000 outstanding.

Applicant states that it has need for additional funds from external sources and that, subject to receiving authorization from the Commission, it desires to sell the \$1,000,000 of bonds covered by this application and to use the proceeds to pay the outstanding notes of \$800,000 and to reimburse its treasury, in part, on account of expenditures made from income or other moneys not represented by the issue of securities. In Exhibit B filed in this proceeding it reports its actual expenditures for capital purposes for the nine months ended September 30, 1952, at \$2,475,458, of which \$500,000 had been financed temporarily through the issue of notes and \$337,785 with consumers' advances, leaving a balance of expenditures as of the end of September which have not been reimbursed through the issue of securities, in the amount of \$1,637,673.

From a review of this application it appears to us that applicant's request should be granted. Accordingly, an order will be entered in the proceeding.

O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing 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 and sale 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. Southern California Water Company, on and after the effective date hereof and on or before March 31, 1953, may execute a supplemental indenture in substantially the same form as that filed in this proceeding on December 1, 1952, and may issue and sell not exceeding \$1,000,000 in principal amount of First Mortgage Bonds, 3.60% Series due 1982, at not less than 99.54% of the principal amount plus accrued interest.

2. Applicant shall use the proceeds to be received from the sale of said bonds, exclusive of accrued interest, to pay outstanding notes and, in part, to reimburse its treasury for expenditures for the acquisition of property and the construction, completion, extension and improvement of its facilities or to finance construction costs in the future. The accrued interest may be used for said purposes and for general corporate purposes.

3. Applicant 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 applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is two hundred (\$200.00) dollars.

Dated at San Francisco, California, this 9<sup>th</sup> day of December, 1952.

R. T. [Signature]  
President

Justice J. Coomes  
Harold H. Hale

[Signature]  
[Signature]  
Commissioners

