

ORIGINAL

Decision No. 49492

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHERN CALIFORNIA WATER COMPANY for)
authority to issue and deliver its)
promissory notes representing bank)
loans not exceeding an aggregate prin-)
cipal amount of \$2,500,000.)
-----)

Application
No. 34955

O P I N I O N

Southern California Water Company, applicant herein, is a California corporation engaged as a public utility in the business of distributing and supplying water in certain areas in the counties of Los Angeles, Orange, Ventura, San Bernardino, Imperial and Sacramento and of distributing and supplying electricity at Bear Valley, in San Bernardino County. In this application it seeks authorization to issue and deliver its promissory notes in the aggregate principal amount of not exceeding \$2,500,000.

The purpose of the proposed borrowing is to provide applicant with funds to finance the cost of property acquisitions and of construction expenditures during the year 1954 or to reimburse itself for expenditures made for such purposes. It reports its capital budget for the year 1954 in the aggregate amount of \$2,950,000 and the estimated amount of advances and donations at \$425,000, leaving net construction costs of \$2,525,000 to be obtained from other sources. Applicant's proposed expenditures are summarized in Exhibit C filed in this proceeding.

In order to obtain temporary funds to meet its capital requirements, applicant reports that it is entering into an agreement

with Harris Trust and Savings Bank under which there will be established for it a revolving credit permitting it to borrow, repay and reborrow, from time to time on or prior to March 1, 1955, amounts unlimited in the aggregate except that the total unpaid loans outstanding at any one time shall not exceed \$2,000,000, each amount to be so borrowed to be represented by a note maturing June 1, 1956, with interest at the rate of 3-1/2% per annum. Applicant desires at this time authority to issue its notes representing aggregate borrowings of not exceeding \$2,500,000, of which not more than \$2,000,000 will be outstanding at any one time.

It appears that it has been applicant's practice to finance itself temporarily in part through the issue of short-term notes and from time to time to refinance the same through the issue of permanent securities. At the close of October, 1953, it had issued and outstanding first mortgage bonds in the aggregate amount of \$7,060,000 in series with interest rates ranging from 2-7/8% to 3.6%, preferred stock of the aggregate par value of \$3,361,975, and common stock of the aggregate par value of \$2,511,760. Its capital ratios, including its surplus accounts, as of October 31 were as follows:

First mortgage bonds	47%
Preferred stock	22
Common stock equity	<u>31</u>
Total	<u>100%</u>

In Exhibit A filed in this proceeding applicant reports its net investment in fixed capital in the amount of \$16,080,194. It reports its current assets at \$2,164,409 and its current liabilities at \$1,252,698. Its results of operations statements show operating revenues of \$2,717,683 for the 12 months ended October 31, 1952, and at \$3,298,125 for the 12 months ended October

31, 1953. Its net income for these two periods amounted to \$446,042 for the earlier 12-month period and \$546,915 for the later period.

This applicant has been before the Commission with numerous applications involving the issue of securities and other matters. From a review of information on file with the Commission it clearly appears that it has been and is faced with the necessity for extending its facilities, that it will be called upon to obtain substantial sums for capital purposes, and that it will have need for the borrowings referred to in this proceeding to enable it to provide in part the required capital costs. Accordingly, an order will be entered approving the application.

ORDER

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 of the notes 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. Southern California Water Company may issue its promissory notes, at any time or from time to time on or prior to March 1, 1955, in the aggregate principal amount of not to exceed \$2,500,000 for the purposes set forth in this application, said notes to be issued under and pursuant to the terms of the credit agreement with Harris Trust and Savings Bank.

2. Southern California 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.

3. The authority herein granted will become effective when Southern California Water Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$1,750.00.

Dated at San Francisco, California, this 5th day of January, 1954.

R. B. Inman
President

JUSTIN J. O'NEILL
Commissioner

James E. Mitchell
Commissioner

Gene Suggs
Commissioner

