

ORIGINAL

Decision No. 50578

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
SOUTHERN CALIFORNIA WATER COMPANY)	Application
)	No. 35775
for an order authorizing it to issue)	
its bonds and to mortgage its prop-)	
erties.)	
-----)	

O P I N I O N

Southern California Water Company, applicant herein, is a California corporation engaged in operating public utility water systems in the counties of Sacramento, Los Angeles, Orange, San Bernardino, Imperial and Ventura and a public utility electric system in Bear Valley, San Bernardino County. In this application it reports that it intends to create a new series of bonds, to be designated as First Mortgage Bonds, 3.35% Series due 1984, and it seeks authorization to execute a supplemental indenture defining the terms of said bonds and to issue and sell \$2,000,000 thereof, at their principal amount plus accrued interest, to Aetna Life Insurance Company and Provident Mutual Life Insurance Company of Philadelphia.

Applicant proposes to apply the proceeds to be received by it from the sale of the new bonds, except accrued interest, in part to pay and discharge the principal amount of outstanding promissory notes and in part to reimburse its treasury for expenditures made from income for the acquisition of property and for the construction, completion, extension or improvement of its facilities. It reports that presently it has outstanding \$1,200,000 of notes

issued to Harris Trust and Savings Bank in accordance with the terms of its revolving credit agreement, that its retained earnings amounted to \$1,263,642 at the close of July of this year, and that its estimated construction expenditures, as set forth in Exhibit B, will amount to \$1,360,487 for the last five months of 1954 and to \$2,000,000 for the year 1955.

Exhibit A attached to the application shows applicant's recorded investment in its plants and properties in the amount of \$17,628,840 on July 31, 1954, after deducting the accumulated reserve for depreciation. A review shows that it has been applicant's policy to finance its capital requirements temporarily with short-term loans and with earnings from operations and periodically to engage in permanent financing in the form of bonds and shares of preferred and common stock in order to reimburse its treasury and to liquidate its short-term borrowings. Its capital structure, exclusive of bank loans and consumers' advances, is as follows:

First mortgage bonds -		
2-7/8% series due 1977	\$ 5,100,000	
3 % series due 1978	950,000	
3.60 % series due 1982	990,000	
Total first mortgage bonds	<u>7,040,000</u>	47%
Preferred stock -		
4-1/4% series	800,000	
4 % series	800,000	
5.44 % series	1,057,475	
Total preferred stock	<u>2,657,475</u>	18
Common stock equity -		
Common stock	2,880,655	
Capital surplus	1,017,811	
Earned surplus	1,263,642	
Total common stock equity	<u>5,162,108</u>	35
	Totals	<u>\$14,859,583</u> <u>100%</u>

Financial statements filed in this proceeding show that for the 12 months ended July 31, 1954, applicant's operating revenues amounted to \$3,568,533 as compared with \$3,148,427 for the corresponding period a year ago, and that its gross income available

for payment of interest and other fixed charges aggregated \$811,534 for the 12 months' period ended in July of this year as compared with \$745,139 for the earlier period. Applicant's balance sheet shows its current assets in the amount of \$1,582,171 and its current liabilities at \$1,088,289.

In considering this matter it appears that applicant will have need for additional funds to pay its short-term loans, to reimburse its treasury and to enable it to proceed with its construction program. Accordingly, an order will be entered granting the application.

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 may execute a supplemental indenture on or before December 31, 1954, in, or substantially in, the same form as the indenture filed in this proceeding.

2. Southern California Water Company may issue and sell not exceeding \$2,000,000 in principal amount of its First Mortgage

Bonds, 3.35% Series due 1984, at not less than their principal amount plus accrued interest, on or before December 31, 1954, and apply the proceeds for the purposes set forth in this application. The accrued interest may be used for such purposes or for general corporate purposes.

3. 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.

4. 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.

Dated at San Francisco, California, this 28th day of September, 1954.

John E. Mitchell
President

Justus J. Casner

Samuel P. Pottel

Gene Higgins

Ray L. Winters
Commissioners

