

Decision No. 51246

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
	:	
THE CAMPBELL WATER COMPANY	)	
	:	
for an order authorizing it (a) to	)	
execute a supplemental loan agreement	:	
with Pacific Mutual Life Insurance	)	Application
Company for an additional loan of	:	No. 36783
\$50,000; (b) to issue its promissory	)	
note in the amount of \$50,000 pursuant	:	
to said agreement; and (c) to execute	)	
a First Supplemental Indenture sup-	:	
plementing its existing mortgage of	)	
chattels and real property.	:	
-----	)	

O P I N I O N

The Campbell Water Company, applicant herein, is a public utility water corporation engaged in distributing water to approximately 1,850 customers in and about Campbell, Santa Clara County. In this application it seeks authorization to execute a supplemental loan agreement and indenture and to issue its promissory note in the principal amount of \$50,000.

Under authorization heretofore granted by Decision No. 45732, dated May 22, 1951, applicant entered into a loan agreement with Pacific Mutual Life Insurance Company, executed a mortgage and issued a note in the principal amount of \$75,000, since reduced to \$66,000, payable in annual installments up to May 1, 1971, with interest at the rate of 4½% per annum. Applicant now reports that it has need for additional funds and that it has made arrangements to borrow \$50,000 from the insurance company, said sum to be represented by a promissory note payable in annual installments of

\$2,000 on November 1 of each of the years 1956 to 1974, inclusive, and the balance on or before May 1, 1975, with interest at the rate of 4½% per annum. The note will be issued under the terms of a supplemental loan agreement with the lender and a supplemental indenture to the original mortgage of chattels now outstanding. The proceeds to be realized through the issue of the note will be used to finance in part the following expenditures:

Drilling new well, labor and material	\$10,200.00
Submergeable pump, labor and material	6,800.00
Purchase of lot from DeRose (well site)	1,800.00
Lay 8" pipe, connect to Moreland Way	525.00
1060' of 6", Page Street (Fire Dept.)	3,286.00
562' of 6", Dillon Ave.	1,685.00
620' of 6", Creek to Cypress Ave.	1,860.00
880' of 8", Dot Ave.	3,080.00
935' of 8", Highway to Sunberry Dr.	3,270.00
500' of 6", Sunnyside to Highway	1,500.00
950' of 8", Sunberry to Carlyn	4,275.00
950' of 6", on Rincon, Dot to Milton	2,375.00
Purchase of lot at entrance to Corp. yard	900.00
Fence corporation yard	1,260.00
46 new services in Bellicetti tract	1,380.00
Billing machine for office	2,900.00
New shop building	<u>9,000.00</u>
Total estimated cost of proposed additions and betterments	<u>\$56,096.00</u>

Applicant asserts there has been an increasing demand for water service in its territory and that the construction program now contemplated is necessary to enable it to meet the requirements of its consumers. It appears from the application that applicant will be required to make additional expenditures during the next three or four years but that it is of the opinion such expenditures will be met with funds from the proposed borrowing and those it will realize from internal sources.

Financial statements filed with the Commission show that during the last three years applicant's operating revenues have amounted to approximately \$90,000 and its net income to approximately \$15,000 in each year, after making deduction for depreciation in the

annual amount of approximately \$16,000. The financial position of the company as of December 31, 1954, as reflected by its balance sheet of that date, is indicated in the following tabulation:

<u>Assets</u>		
Utility plant, less depreciation reserve		\$258,333
Current assets -		
Cash	\$12,899	
Accounts receivable	3,985	
Materials and supplies	2,665	
Prepayments	<u>4,377</u>	
Total current assets		23,926
Deferred debits		<u>1,481</u>
	<b>Total</b>	<b><u>\$283,740</u></b>

<u>Liabilities and Capital</u>		
Long-term debt		\$ 66,000
Current liabilities		10,564
Consumers' advances		28,246
Donations		776
Preferred stock		50,000
Equity capital -		
Common stock	\$75,000	
Earned surplus	<u>53,154</u>	
Total equity capital		<u>128,154</u>
	<b>Total</b>	<b><u>\$283,740</u></b>

From a review of the application it appears that applicant will have need for additional money from external sources to enable it to proceed with its construction program and that its earnings and assets should be ample to support the issue now proposed. Accordingly, we will enter an order granting its request.

### 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 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,

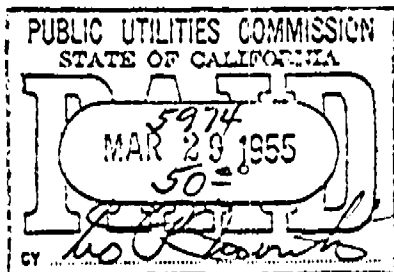
IT IS HEREBY ORDERED as follows:

1. The Campbell Water Company, on or after the effective date hereof and on or before December 31, 1955, may execute a supplemental loan agreement with Pacific Mutual Life Insurance Company and a first supplemental indenture and may issue its promissory note in the principal amount of not exceeding \$50,000 for the purposes set forth in this application, such loan agreement, indenture and note to be in, or substantially in, the same form as those filed in this proceeding.

2. 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.

3. 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 \$50.

Dated at San Francisco, California, this 29<sup>th</sup> day of March, 1955.



*W. E. ...*  
President

*Matthew J. Dooley*  
*...*

Commissioner Matthew J. Dooley, being necessarily absent, did not participate in the disposition of this proceeding.

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Commissioners