

ORIGINAL

Decision No. 54537

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of DYKE WATER COMPANY to issue
evidence of indebtedness and
encumber property.

Application No. 38823

OPINION AND ORDER

Dyke Water Company, a corporation, has filed this application for authorization to execute a deed of trust and to issue a note in the principal amount not exceeding \$500,000 to finance construction costs.

Applicant was organized in 1951 and is engaged in operating a public utility water system in Orange County. Recently, the Commission reviewed applicant's affairs and in Decision No. 53858, dated October 1, 1956, commented on the rapid growth of applicant's operations and its proposal to import and utilize water purchased from the Metropolitan Water District. The decision required the company to file periodic reports of its progress in financing and in carrying out its plans for expansion including the obtaining of the additional supply from the district.

It appears that in order to obtain delivery from the district it will be necessary for applicant to provide storage facilities. Applicant reports that the sum of \$500,000 is available to it from an insurance company and that it proposes to borrow the amount in order to finance the cost of excavating, lining and covering four reservoirs, which will provide a combined storage of

30,000,000 gallons of water, and of equipping them with automatic pumps. The proposed borrowing will be represented by a note payable in monthly installments over a period of not exceeding 20 years, with interest at the rate of not more than 5-3/4% per annum.

The Commission has reviewed this matter and is of the opinion that a public hearing is not necessary, that applicant will have need for the money for the purposes indicated in the application, 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. However, applicant has not yet filed a copy of the proposed deed of trust and we can enter only a preliminary order at this time indicating general approval of the financing transaction, the authorization thus granted to become final only as hereinafter set forth; therefore,

IT IS HEREBY ORDERED as follows:

1. Dyke Water Company may issue a promissory note on or before July 31, 1957, in the principal amount of not exceeding \$500,000 for the purposes set forth in this application, said note to be payable over a period of not exceeding 20 years with interest at a rate not exceeding 5-3/4% per annum.

2. The authority herein granted will become effective only when Dyke Water Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$500, and when applicant has filed with the Commission a copy of the deed of trust

to secure the payment of the note and has received authorization from the Commission to execute said deed of trust.

3. Dyke Water Company shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

4. The action taken herein is for the issue of the note only and is not to be construed as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

Dated at San Francisco, California, this 19th day of FEBRUARY, 1957.

John E. Mitchell President
Raymond L. ...
William ...
E. Lynn Fox

Commissioners

PUBLIC UTILITIES COMMISSION
 STATE OF CALIFORNIA
 10246
 FEB 20 1957
 500.00
[Signature]