

Decision No. 55052

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of INVESTMENT WATER CORPORATION  
LTD., a Corporation for Authority  
to issue a Note for \$400,000.

Application No. 39075

O P I N I O N

This is an application for an order of the Commission authorizing Investment Water Corporation Ltd., to issue its note in the principal amount of \$400,000 in order to refinance existing short-term indebtedness.

Applicant is a California corporation engaged in the distribution of water, mainly for domestic use, in a portion of the City of Los Angeles and in unincorporated areas adjacent thereto which are located in Los Angeles County. It currently serves about 5,700 customers and for the calendar year 1956 reports gross revenues of \$205,677.29 and a net income, after depreciation and taxes, of \$37,414.40. Its assets and liabilities, as reflected in its December 31, 1956 balance sheet, are as follows:

Assets

Utility plant	\$1,256,582.78
Depreciation reserve	292,615.47
Plant less reserve	<u>963,967.31</u>
Cash	30,032.86
Special deposits	300.00
Accounts receivable - customers	35,679.25
Materials and supplies	13,734.89
Prepayments	<u>687.10</u>
Total assets	<u>\$1,044,401.41</u>

Liabilities

Capital stock	\$ 100,500.00
Premiums on stock	60,864.89
Notes payable	400,000.00
Accounts payable to associated companies	95,732.06
Taxes accrued	14,399.60
Advances for construction	7,844.66
Contributions in aid of construction	10,397.34
Earned surplus	<u>354,662.86</u>
Total liabilities	<u>\$1,044,401.41</u>

Applicant is a wholly-owned subsidiary of Los Angeles Investment Company. A major portion of the area it serves is land which has been developed by the Los Angeles Investment Company. In addition, Los Angeles Investment Company owns all of applicant's outstanding stock and has furnished to applicant such funds as the utility required to finance its construction program. On December 31, 1956, applicant's liability to its parent corporation was evidenced to a substantial extent by short-term notes payable in the amount of \$400,000.

Applicant is now of the opinion that the rate of development in its service area has passed its peak and that there will be little or no need to further increase its debt. It, therefore,

proposes to have the current liability of \$400,000 in short-term notes converted to an unsecured note, payable five years after the date of issue and bearing interest at the rate of four per cent per annum. A copy of the form of note is attached to the application as Exhibit C.

Upon a review of the application, we are of the opinion that the application should be granted, that the money, property or labor to be procured or paid for by the issue of such note herein authorized is reasonably required by applicant corporation for the purpose specified herein and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

The authorization herein granted is for the issue of a 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.

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 and that the application should be granted; therefore,

IT IS HEREBY ORDERED as follows:

1. Investment Water Corporation Ltd., after the effective date hereof and on or before October 31, 1957, may issue its note in the principal amount of not exceeding \$400,000

for the purpose of refinancing outstanding short-term indebtedness. The form of the note to be so issued shall be in, or substantially in, the same form as that filed in this proceeding as Exhibit C.

2. Investment Water Corporation Ltd., 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.

3. The authority herein granted will become effective when Investment Water Corporation Ltd., has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$400.

Dated at San Francisco, California, this 14<sup>th</sup> day of JUNE, 1957.

[Signature]  
President

[Signature]

[Signature]

[Signature]

[Signature]  
Commissioners

PUBLIC UTILITIES COMMISSION  
STATE OF CALIFORNIA

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BY [Signature]