

ORIGINALDecision No. 55415

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SOUTHERN CALIFORNIA WATER COMPANY
for an order authorizing it to
issue its bonds and to mortgage
its properties.

Application No. 39284

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 Imperial, Los Angeles, Orange, Sacramento, San Bernardino 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, 5% Series due 1987, and it seeks authorization to execute a supplemental indenture defining the terms of said bonds and to issue and sell \$3,000,000 thereof, at their principal amount plus accrued interest, to the following:

<u>Name</u>	<u>Amount</u>
Continental Assurance Company	\$ 750,000
Aetna Life Insurance Company	500,000
Occidental Life Insurance Company of California	500,000
Equitable Life Insurance Company of Iowa	350,000
Pacific Mutual Life Insurance Company	300,000
United Benefit Life Insurance Company	250,000
Kansas City Life Insurance Company	200,000
Central Life Assurance Company	<u>150,000</u>
Total	<u>\$3,000,000</u>

Applicant proposes to apply the proceeds to be received by it from the sale of the new bonds, except accrued interest, to pay and discharge outstanding promissory notes, which amounted to \$2,800,000 as of June 30, 1957, and which may increase to \$3,000,000 by the time the bond proceeds become available, and to use any proceeds not needed to liquidate such notes to meet capital costs. In Exhibit C, applicant reports a construction program calling for expenditures of \$2,400,000 in 1957 and \$2,500,000 in 1958.

From a review of applicant's financial statements, it appears that its capital ratios as of June 30, 1957, and as adjusted to give effect to the proposed financing, are as follows:

	<u>June 30, 1957</u>	<u>As Adjusted</u>
First mortgage bonds	45%	53%
Convertible subordinated notes	10	9
Preferred stock	11	9
Common stock and surplus	<u>34</u>	<u>29</u>
Total	<u>100%</u>	<u>100%</u>

We have considered this matter and are of the opinion that a public hearing is not necessary, that applicant will have need for additional funds from external sources to enable it to meet its obligations and to proceed with its construction program and that an order granting the application is warranted.

The approval indicated is for the issue and sale of securities 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 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, on and after the effective date hereof and on or before December 31, 1957, may execute a supplemental indenture in, or substantially in, the same form as the indenture filed in this proceeding as Exhibit B.

2. Southern California Water Company, on and after the effective date hereof and on or before December 31, 1957, may issue and sell not exceeding \$3,000,000 in principal amount of its First Mortgage Bonds, 5% Series due 1987, at not less than their principal amount plus accrued interest.

3. Southern California Water Company shall use the proceeds from the sale of its bonds, exclusive of accrued interest, for (1) payment and discharge of the principal amount of its promissory notes given by it for bank loans, and (2) to the extent not required for the foregoing purpose, for any one or more of the following purposes, namely, acquisition of property, construction, completion, extension or improvement of its facilities, improvement or maintenance of its service, payment and discharge of its

obligations representing expenses of issue and sale of the bonds herein authorized, and reimbursement of moneys actually expended from income or other money in its treasury, not obtained from sale of securities, for any of the foregoing purposes except maintenance of service and replacements. The accrued interest to be received may be used for any of said purposes or for general corporate purposes.

4. 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.

5. 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 \$900.

Dated at San Francisco, California, this 20th day of AUGUST, 1957.

[Signature]
President
[Signature]
[Signature]
[Signature]

Commissioners

