

ORIGINAL

Decision No. 58910

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application

of

PALOS VERDES WATER COMPANY,  
a California corporation,

for permission to issue long-term  
notes in exchange for outstanding  
short-term notes

Application No. 41366

OPINION AND ORDER

Palos Verdes Water Company, a corporation, has filed this application for authorization to issue notes in the principal amount of \$40,000.

Applicant is engaged in the business of selling and distributing water for domestic, agricultural, commercial and industrial purposes in the Palos Verdes Hills in the County of Los Angeles. For the twelve months ended June 30, 1959, it reports operating revenues of \$860,225.74 and net income of \$78,692.58. In its June 30, 1959 balance sheet, attached to the application as Exhibit B, applicant reports an investment in utility plant, net of depreciation, in excess of \$5,000,000, which it has financed through the issue of shares of common and preferred stock, long-term debt, retained earnings, advances for construction and short-term notes payable.

The short-term notes payable totaled \$292,000 as of June 30, 1959, and were payable to applicant's principal stockholders, namely, Great Lakes Carbon Corporation and Capital Company. Two of the short-term notes, aggregating \$40,000 in principal amount, were issued on August 1, 1958 and had a maturity date of July 31, 1959. Applicant now proposes to refinance the indebtedness evidenced by the two promissory notes which became due August 1, 1959, by executing, in lieu and cancellation thereof, new promissory notes in the same principal amount, the new notes to be dated August 1, 1959, to mature July 1, 1960, and to bear interest at the rate of 6% per annum. Applicant at a subsequent date expects to present to the Commission an application concerning the disposition of its other short-term notes now outstanding, as well as any additional short-term indebtedness it will incur prior to the filing of such application.

The Commission has considered this application and is 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 notes herein authorized is reasonably required for the purpose specified herein; and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Palos Verdes Water Company, a corporation, on and after the effective date hereof and on or before December 31, 1959, may issue notes in the principal amount of not to exceed \$40,000 for the purpose set forth in this application, which notes shall be dated August 1, 1959, mature July 1, 1960, and are to bear interest at the rate of 6% per annum.

2. The authorization herein granted is for the issue of notes 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.

3. Palos Verdes 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 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 \$40.

Dated at San Francisco, California,  
this 25<sup>th</sup> day of August, 1959.

[Signature]  
President  
[Signature]  
[Signature]  
Theodore J. Deiner

