

**ORIGINAL**Decision No. 59262

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 SAN DIMAS-CHARTER OAK DOMESTIC WATER )  
 COMPANY, a corporation, for an Order )  
 authorizing it to borrow money and )  
 execute a Loan Agreement, Note and )  
 Mortgage in connection therewith. )

Application No. 41543

O P I N I O N

In this proceeding the Commission is asked to make an order authorizing San Dimas-Charter Oak Domestic Water Company to execute and deliver a loan agreement with Pacific Mutual Life Insurance Company and a chattel mortgage and to issue promissory notes in the aggregate principal amount of \$500,000.

Applicant is a California corporation which is engaged as a public utility in the business of supplying domestic water in the San Dimas and Charter Oak areas of the County of Los Angeles. In its annual reports to the Commission, it has reported its net investment in plant and its number of active service connections at the end of each of the last five calendar years and its revenues and net revenues for each of those years as follows:

<u>Years</u>	<u>Net Plant</u>	<u>Revenues</u>	<u>Net Revenues</u>	<u>Service Connections</u>
1954	\$286,074	\$107,177	\$ 17,814	1,917
1955	358,073	117,739	12,489	2,185
1956	492,043	138,233	20,310	2,993
1957	575,666	163,237	27,643	3,312
1958	602,032	212,583	24,528	3,603

In Exhibit A, applicant reports its net investment in fixed and other assets as of August 31, 1959, at \$689,082.75 and it indicates that its sources of funds were as follows:

Current accounts -		
Current liabilities	\$329,608.44	
Less - current and prepaid assets	<u>86,382.13</u>	
Net current liabilities		\$243,226.31
Advances for construction		237,408.80
Common stock and surplus		<u>208,447.64</u>
Total		<u>\$689,082.75</u>

In order to reduce its liabilities and to provide additional capital to enable it to continue its current expansion and construction program, applicant now has made arrangements, along with its parent corporation, San Dimas Water Company, to borrow \$500,000 from Pacific Mutual Life Insurance Company and to use the proceeds for the following purposes:

For extensions and improvements to its water system	\$418,000
For payment of an outstanding bank loan	70,000
For incidental fees and miscellaneous expenses	<u>12,000</u>
Total	<u>\$500,000</u>

The proposed loan agreement provides that applicant may draw down \$250,000 as soon as authorized by the Commission and may draw down the remainder of the loan in multiples of not less than \$50,000 at any time until June 1, 1961. The notes to be issued pursuant to the loan agreement, in evidence of the amounts thus drawn down, will mature on October 1, 1979, will bear interest at the rate of six per cent per annum and may be prepaid on or after October 1, 1966 and prior to October 1, 1967, at a premium of six per cent and thereafter, at annually reducing premiums. The loan is made with the understanding that within 18 months after the

closing date the boards of directors and stockholders of applicant and San Dimas Water Company shall each have taken all necessary action authorizing and approving a plan for the corporate reorganization of both companies, said plan to provide that applicant will be merged with and into the San Dimas Water Company and that San Dimas Water Company will become the surviving corporation and will operate as a public utility.

A review of the application and of the financial statements shows that applicant's investment and operations are increasing rapidly and that it is in need of funds from external sources to enable it to meet its obligations and to proceed with the expansion of its facilities and service. We will enter our order granting the application.

The authorization herein granted shall not 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, 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 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. San Dimas-Charter Oak Domestic Water Company, on or after the effective date hereof and on or before June 30, 1961, may -

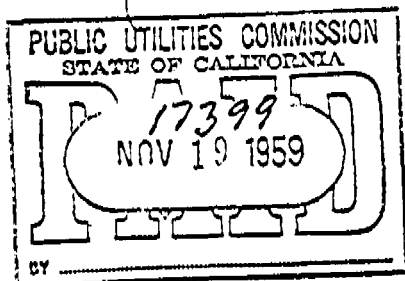
- a. Execute and deliver to Pacific Mutual Life Insurance Company a loan agreement and a mortgage in, or substantially in, the same form as the loan agreement and mortgage filed in this proceeding as Exhibit C and Exhibit G, respectively.
- b. Issue its promissory notes in the aggregate principal amount of not to exceed \$500,000, said notes to be in, or substantially in, the same form as the note filed in this proceeding as Exhibit F.

2. San Dimas-Charter Oak Domestic Water Company shall use the proceeds from the issue of its notes for the purposes of financing the cost of extensions and additions to its plant and facilities, of paying indebtedness and of meeting expenses incident to the loan.

3. San Dimas-Charter Oak Domestic 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 San Dimas-Charter Oak Domestic Water Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$500.

Dated at San Francisco, California, this 17<sup>th</sup> day of November, 1959.



*Everett A. Page*  
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President

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Commissioners

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Commissioners

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