

**ORIGINAL**

Decision No. 61721

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PALM SPRINGS WATER COMPANY under Public Utilities Code Section 817 for authority to issue note or other evidence of indebtedness payable at periods of more than 12 months after the date thereof for the purposes of discharging or refunding of its obligations and for the construction, completion, extension, improvement or maintenance of its facilities and service.

Application  
No. 43189  
Filed March 1, 1961

O P I N I O N

Palm Springs Water Company has filed this application for authorization to issue a note, or notes, in the principal amount of \$300,000.

The company reports that its net investment in plant aggregated \$2,619,578, as of November 30, 1960, and that the amount had been provided, in part, through the issue of short-term notes in the total amount of \$168,500. The company further reports that the economic development and population increase in its service area will require additional capital expenditures in the amount of \$182,339 during 1961.

At this time, applicant proposes to borrow \$300,000 from Security First National Bank and to use the proceeds to refund the outstanding obligations of \$168,500 and to meet, in part, the estimated 1961 capital expenditures. The borrowing

will be represented by an unsecured note, or notes, payable two years after date with interest at the rate of 5-1/2% per annum.

The company's financial statement shows current and accrued assets, as of November 30, 1960, at \$192,550 as compared with current and accrued liabilities of \$368,828, including the bank borrowings of \$168,500, and net operating profit for the eleven months ended November 30, 1960, of \$158,324. The statement indicates capital ratios as follows:

Long-term debt	\$ 430,320	16%
Notes payable	168,500	6
Advances for construction	672,177	26
Subtotal	<u>1,270,997</u>	<u>48</u>
Preferred stock	48,750	2
Common stock and surplus	<u>1,313,011</u>	<u>50</u>
Total	<u>\$2,632,758</u>	<u>100%</u>

Upon reviewing the verified application and the financial statement, we find and conclude that applicant will have need for the moneys to be realized from its proposed borrowing to liquidate current obligations, and thereby improve its current position, and to enable it to finance 1961 capital costs and that applicant's capital structure and results of operation are adequate to warrant an order granting the application.

#### ORDER

The Commission having considered the application of Palm Springs Water Company to issue a note, or notes, 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 note, or 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,

IT IS HEREBY ORDERED that -

1.. Palm Springs Water Company, on or after the effective date hereof and on or before December 31, 1961, may issue a note, or notes, in the principal amount of not to exceed \$300,000, under the terms and for the purposes set forth in this application.

2. The authorization herein granted is for the issue of a note, or notes, 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. Palm Springs 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 Palm Springs Water Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$300.

Dated at San Francisco, California,  
this 28<sup>th</sup> day of MARCH, 1961.

George R. [Signature]  
President  
[Signature]  
[Signature]  
George [Signature]  
Frederick B. Hallock  
Commissioners

