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Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

PACIFIC WATER CO., a California corporation, for authority under Section 818 of the Public Utilities Code to execute notes payable at periods of more than twelve months after the date of original issuance.

Application No. 43500
Filed June 12, 1961

O P I N I O N

Pacific Water Co., a corporation, has filed this application for an order approving the issue of promissory notes.

The verified application shows that -

1. In November, 1960, applicant issued to Worthington Corporation, Gamon Meter Division, for the purchase of meters, a series of 20 notes dated November 1, 1960, each in the principal amount of \$2,000, maturing in successive monthly dates from November 1, 1960 to June 1, 1962, with interest at the rate of 5% per annum;
2. The notes which became due November 1, 1960 through May 1, 1961 were paid leaving \$26,000 of notes outstanding on May 31, 1961;
3. At the time of issue of the notes, it was planned that the indebtedness would be financed in its entirety by the sale of bonds but it is reported now that applicant has been unable to meet the requirements of its deed of trust for the certification of additional bonds; and

4. At this time it is the intention of applicant to allow the notes to remain outstanding and to pay them as they fall due with the result that eight of the notes, aggregating \$16,000, will be outstanding 12 months after their date of issue.

The company has requested the Commission to give approval of the issue of the 20 notes. However, the Public Utilities Code provides that notes payable at more than 12 months after the date thereof, issued without an order of the Commission, are void and, upon considering the company's request in this proceeding, the Commission is of the opinion, and so finds and concludes, that it has no authority to approve void note issues; that those notes which by their terms are payable within a period of 12 months after the date of issue do not require the authorization of the Commission; and that the remaining eight notes, which by their terms are payable later than 12 months after the date of issue, should be canceled and new notes issued in lieu of them. In disposing of this application, the Commission will authorize the company to issue eight notes in the principal amount of \$2,000 each in exchange for the outstanding notes of like amount which were issued without the required Commission authorization.

The authorization herein granted is for the issue of notes and is not to be construed as indicative of amounts to be included in a future rate base for the determination of 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 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 that -

1. Pacific Water Co., a corporation, may issue eight promissory notes in the amount of \$2,000 each, maturing on or before June 1, 1962, with interest at the rate of 5% per annum, in exchange for outstanding notes of like amount which were issued without Commission authorization.

2. Pacific Water Co., a corporation, 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 shall become effective when Pacific Water Co. has paid the minimum fee of \$25 prescribed by Section 1904(b) of the Public Utilities Code.

Dated at San Francisco, California,
this 18th day of July, 1961.

Cornell Allred
President
W. L. ...
E. L. Fox
George T. Hoover
Fredrick B. ...
Commissioners

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
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