

ORIGINAL

Decision No. 64018

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of INVESTMENT WATER CORPORATION,
LTD., a Corporation, for Authority
to issue a Note for \$600,000.

Application No. 44626
Filed July 11, 1962

O P I N I O N

Investment Water Corporation, Ltd. has filed this application for an order authorizing it to issue a note in the principal amount of \$600,000.

The note will be unsecured, will be issued to Security First National Bank, will bear interest at the rate of 5-1/4 percent per annum and will be payable on July 31, 1967, except that the company has the right to prepay the note, in whole or in part, on any interest payment date. The amount borrowed will be used by the company to discharge a \$400,000 note, heretofore authorized by the Commission, which note was due July 1, 1962, to reduce outstanding accounts payable and to provide additional working capital.

The company is engaged in business as a public utility water corporation in Los Angeles County, serving approximately 5,150 customers. During the year 1961, its

reported operating revenues amounted to \$305,652 and its net operating revenue to \$46,753, after deductions of \$36,389 for depreciation. The financial position of the utility, as of December 31, 1961, is indicated in the following statement:

<u>Assets</u>		
Utility plant, less depreciation		\$1,312,913
Current assets -		
Cash and deposits	\$ 17,535	
Accounts receivable	26,872	
Materials and supplies	14,065	
Prepayments	1,503	
Total current assets	<u>59,975</u>	<u>59,975</u>
Total		<u>\$1,372,888</u>
<u>Liabilities and Net Worth</u>		
Long-term debt		\$ 400,000
Advances from parent company -		
Water main extensions		80,892
Current liabilities -		
Due parent company	\$186,538	
Customers' deposits	400	
Taxes accrued	<u>15,520</u>	
Total current liabilities		202,458
Advances for construction		8,022
Contributions		10,837
Common stock and surplus		<u>670,679</u>
Total		<u>\$1,372,888</u>

From a review and analysis of the verified application and of the company's financial statements, we find and conclude that applicant has financed itself, in part, with notes and accounts payable, that applicant has need for additional funds to liquidate present obligations and to improve its cash position, that the proposed note issue

is for proper purposes, and that applicant's assets and earnings are ample to support and service the proposed note. We will enter an order granting the application.

The authorization herein given is for the issue of a note 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 has considered the above-entitled matter, has determined that a public hearing is not necessary and is of the opinion that the money, property or labor to be procured or paid for by the issue of the note 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 ORDERED that -

1. On or after the effective date hereof and on or before December 31, 1962, Investment Water Corporation, Ltd. may issue a note in the principal amount of \$600,000 in the form and for the purposes set forth in this application.

2. Investment Water Corporation, Ltd. 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 Investment Water Corporation, Ltd. has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$200.

Dated at San Francisco, California,
this 31st day of JULY, 1962.

George G. Hoover
President

[Signature]

[Signature]

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Fredrick B. Hollings
Commissioners

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
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