

ORIGINAL

Decision No. 64215

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of OCEANO WATER COMPANY, INC., under Section 817 of the Public Utilities Code for authority to issue a note or notes payable at periods more than twelve months after the date thereof.

Application No. 44701
Filed August 8, 1962

O P I N I O N

Oceano Water Company, Inc., has filed this application for authorization to issue a note, or notes, in the aggregate principal amount of not to exceed \$43,426.69, payable five years after date of issue with interest at the rate of not to exceed 5 percent per annum, for the purpose of paying outstanding short-term notes of \$17,258.96 and accounts payable of \$13,582.73, which represent borrowings made to meet capital costs and to provide working capital, and of financing estimated expenditures of \$12,585.00 for a booster pump installation and 2,000 feet of 8-inch transite mains to increase capacity.

Applicant is engaged in operating a public utility water system serving approximately 700 customers in a portion of San Luis Obispo County. A condensed statement of its financial position, as of December 31, 1961, is as follows:

<u>Assets</u>		
Utility plant, less reserve		\$171,513
Current assets -		
Total current assets	\$20,709	
Less: current liabilities	<u>19,191</u>	
Net current assets		1,518
Deferred debits		<u>4,667</u>
Total		<u>\$177,698</u>
 <u>Liabilities and Net Worth</u> 		
Notes payable		\$ 17,259
Advances and donations for construction		16,211
Common stock and surplus		<u>144,228</u>
Total		<u>\$177,698</u>

The current liabilities include the accounts payable of \$13,582.73 now to be refunded by the issue of the long-term notes.

The Commission recently has reviewed applicant's operations and earnings and by Decision No. 63568, dated April 17, 1962, in Application No. 43720, authorized certain increases in rates which were designed to yield a return of approximately 7 percent on a rate base of \$174,310 for the estimated year 1962.

We have considered applicant's contemplated financing and we find and conclude that the note issues are for proper purposes, that the assets and earnings are sufficient to support and service the proposed borrowing, and that the money, property or labor to be procured or

paid for by the issue of the note, or notes, is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. We will enter an order granting the application.

The authorization herein given is for the issue of a note, or notes, only, 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 has determined that a public hearing is not necessary on this application and that the request of applicant should be granted, therefore,

IT IS ORDERED that -

1. Oceano Water Company, Inc., on or after the effective date hereof and on or before December 31, 1962, may issue its note, or notes, in the aggregate principal amount of not to exceed \$43,426.69, in the form, under the terms, and for the purposes set forth in this application.

2. Oceano Water Company, Inc., 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 Oceano Water Company, Inc., has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$44.

Dated at San Francisco, California,
this 11th day of SEPTEMBER, 1962.

George L. Grover
President

D. L. Fox

Fredrick B. Hedloff

Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.

