

ORIGINAL

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Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
THE CAMPBELL WATER COMPANY

for an Order authorizing it (a) to execute a supplemental loan agreement with Pacific Mutual Life Insurance Company providing for an additional loan of \$225,000; (b) to issue its promissory notes in the principal amount of \$225,000 pursuant to said agreement; and (c) to execute a Third Supplemental Indenture supplementing its Mortgage of Chattels and Real Property dated as of May 1, 1951.

Application No. 45333
Filed April 11, 1963

O P I N I O N

This is an application for an order authorizing The Campbell Water Company to execute a supplemental loan agreement and a supplemental indenture and to issue notes in the total principal amount of \$225,000.

The company is engaged in business in Santa Clara County as a public utility water corporation. In order to finance, in part, its construction costs in the past, it has borrowed money from Pacific Mutual Life Insurance Company and, pursuant to authorization granted by the Commission, has executed a mortgage of chattels and real property, dated as of May 1, 1951, and two subsequent indentures supplemental thereto, and has issued its long-term notes in evidence of

such borrowings, of which there remained unpaid the sum of \$188,000 on February 28, 1963.

The company now reports that the increased demand for water service in its territory requires the expenditure of additional sums in the amount of \$225,000 for capital additions, including land, a well, pumping equipment and related facilities, and that it proposes to borrow the funds from Pacific Mutual Life Insurance Company in accordance with the terms of a proposed supplemental loan agreement and supplemental indenture, the borrowing to be represented by two notes in the principal amounts of \$150,000 and \$75,000, respectively, bearing interest at the rate of 5-1/4% per annum and requiring payment of the principal amount thereof in annual installments equivalent to two percent of the principal amount, commencing May 1, 1965, with the unpaid balance becoming due on May 1, 1983.

Applicant's financial reports filed with the Commission show that its plant and business have been increasing rapidly. Its reported net investment in plant has increased from \$623,404 at the close of 1958 to \$1,045,927 at the close of 1962 and its active service connections from 2,738 to 3,774. The Commission recently has reviewed applicant's results of operations, its investment in plant and its estimated capital expenditures and by Decision No. 64981, dated February 19, 1963, authorized rate schedules designed to produce a return of 6.75% on a rate base of \$709,500 for the test year 1963. The adopted rate base reflected the deduction of \$493,500 of advances for construction.

We have considered the matter and are of the opinion, and find, that the money, property or labor to be procured or paid for through 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. A public hearing is not necessary.

The authorization herein granted is for the issue of notes and the execution of related instruments and is not to be construed as indicative of amounts to be included in future proceedings for the purpose of fixing rates.

O R D E R

IT IS ORDERED that:

1. The Campbell Water Company, on or after the effective date hereof and on or before June 30, 1964, may execute a supplemental loan agreement with Pacific Mutual Life Insurance Company and a Third Supplemental Indenture to its Mortgage of Chattels and Real Property in the same form, or in substantially the same form, as the documents annexed to the application herein.

2. The Campbell Water Company may issue its promissory notes in the aggregate principal amount of not to exceed \$225,000, under the terms set forth in said supplemental loan agreement and said Third Supplemental

Indenture, for the purpose of financing the cost of property additions and betterments.

3. The Campbell 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 shall become effective when The Campbell Water Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$225.

Dated at San Francisco, California,
this 1st day of MAY, 1963.

Henry G. Thayer
President
John E. Mitchell
Robert W. King

William W. Bennett

Commissioner Frederick B. Holeboff, being necessarily absent, did not participate in the deliberation of this proceeding.
Commissioners

