

ORIGINAL

Decision No. 65378

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
MALIBU WATER COMPANY, a corporation,  
for authority to issue evidence of  
indebtedness pursuant to sections  
816-830 of the Public Utilities  
Code.

Application No. 45325  
Filed April 8, 1963

F. B. Yoakum, Jr., for applicant.  
Raymond E. Heytens, for the Commission staff.

O P I N I O N

This is an application for an order of the Commission authorizing Malibu Water Company, a corporation, applicant herein, to enter into a purchase agreement and a trust indenture, and to issue and sell its First Mortgage Series A 5-1/2% Bonds in an aggregate principal amount of not to exceed \$500,000.

A public hearing was held before Examiner Coleman in Los Angeles on May 8, 1963, at which time the matter was taken under submission. The Commission has received no protests in the proceeding.

Applicant is a California corporation engaged in the business of distributing and selling water for domestic purposes in certain sections of the shoreline of the Pacific Ocean between Las Flores Canyon in Los Angeles County on the east and approximately the Ventura County line on the west. The application shows that as of December 31, 1962, the company had invested \$1,164,826 in utility plant, after deduction for depreciation, and that it had financed itself, primarily, with contributions and advances for construction, in the total amount of \$512,994, and with \$564,330 received from Marblehead Land Company, its sole shareholder, which amount was represented by common stock and surplus of \$348,160 and notes and accounts payable of \$316,170. There was no outstanding mortgage debt.

The company now reports that it has need for additional funds to finance the acquisition and installation of additional facilities in the western part of its territory where a substantial population growth is underway, to meet costs of connections with the Los Angeles County Waterworks District No. 29, and to make other improvements and additions, all as set forth in some detail in Exhibit No. 1 filed at the hearing. The exhibit shows that the cost of the construction program is estimated at \$231,500, exclusive of amounts to be obtained by the application of the main extension rule.

In order to meet the construction costs, to liquidate \$253,500 of the indebtedness due the parent company, and to provide the expenses, estimated at \$15,000, incident to the present financing, applicant proposes to enter into a purchase agreement with Occidental Life Insurance Company of California whereby such company will buy up to \$500,000 principal amount of First Mortgage Series A 5-1/2% Bonds, to be secured by a trust indenture dated as of January 1, 1963. The bonds will be dated January 1, 1963, will mature January 1, 1983, and will bear interest at the rate of 5-1/2% per annum. They will be redeemable at their principal amount and accrued interest, together with a premium of 5-1/2%, if redeemed on or prior to January 1, 1964, and thereafter at annually reducing premiums.

We find that the proposed bond issue is for proper purposes, that applicant will have need for funds from external sources for the purposes set forth in this application; that the money, property or labor to be procured or paid for by the issue of the bonds herein authorized is reasonably required for the purposes specified herein; and that such purposes, except as otherwise authorized, are not, in whole or in part, reasonably chargeable to operating expenses or to income.

The action taken herein is for the purpose of this proceeding only and is not to be construed as indicative of amounts to be included in pending or future proceedings for the purpose of fixing just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Malibu Water Company, a corporation, may execute and enter into a purchase agreement and a trust indenture in the same form, or substantially in the same form, as those attached to the application as Exhibit A and Exhibit B, respectively.
2. Malibu Water Company, a corporation, on or after the effective date hereof and on or before June 30, 1965, may issue and sell, for cash, at not less than their face value, plus accrued interest, not to exceed \$500,000 principal amount of its First Mortgage Series A 5-1/2% Bonds, and shall use the proceeds for the purposes set forth in said purchase agreement. The accrued interest from the sale of the bonds may be used for such purposes or for general corporate purposes.
3. Malibu Water Company, 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.

4. This order shall become effective when Malibu Water Company, a corporation, has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$338.

Dated at San Francisco, California,  
this 14th day of MAY, 1963.

George G. Traver  
President

Frederick B. Holoboff

William L. Bennett

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Commissioners

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

