

**ORIGINAL**

Decision No. 66357

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
PARK WATER COMPANY  
for authority to issue evidence of  
indebtedness (promissory note)

Application No. 45928  
Filed October 31, 1963

O P I N I O N

This is an application for an order of the Commission authorizing Park Water Company, a public utility water corporation, applicant herein, to issue a \$265,556.65 note for the purpose of obtaining funds to pay a tax deficiency.

Applicant is engaged in supplying and distributing water in portions of Los Angeles and San Bernardino Counties. It reports that it incurred a \$294,698.19 indebtedness to the United States of America for Federal corporate income taxes for the years 1955 to 1961, inclusive, which tax deficiency arose from the disallowance of depreciation by the Internal Revenue Service on certain contributed plant, and that the tax deficiency bears interest at the rate of 6% per annum. The application shows that the company has made installment payments amounting to \$29,141.54, thus reducing the balance due on said tax deficiency to \$265,556.65.

The company reports that it is without funds with which to pay said indebtedness together with 6% per annum interest, that it desires to remove the Federal tax lien which affects all of its assets and that it desires to be relieved from making large installment payments on the indebtedness. In order to obtain funds for paying the tax deficiency indebtedness, applicant proposes, and seeks authority, to issue a two-year 5-1/2% unsecured note in the principal amount of \$265,556.65 in favor of H. H. Wheeler, Jr., one of its shareholders and directors.

The Commission has considered this matter and is of the opinion, and finds, that (1) the proposed note issue is for the proper purpose of discharging or the lawful refunding of applicant's obligations; (2) applicant has need for funds from an external source for such purpose; (3) the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required for the purpose specified herein; and (4) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. A public hearing is not necessary.

On the basis of the foregoing findings, we conclude that the application should be granted. The authorization thus granted is not to be construed as indicative of amounts to be included in future proceedings for the purpose of determining just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Park Water Company, a corporation, on or after the effective date hereof and on or before March 31, 1964, may issue an unsecured note in the principal amount of not to exceed \$265,556.65, for the purpose set forth in the application, which note shall be in the same form, or in substantially the same form, as that filed in this proceeding as Exhibit A.

2. Park 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.

3. This order shall become effective when Park Water Company, a corporation, has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$266.

Dated at San Francisco, California, this 26th day of November, 1963.

William C. Bennett  
President

George H. Grover  
Fredrick B. Holbrook

George H. Grover

Fredrick B. Holbrook  
Commissioners

