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Decision No. _____

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of San Gabriel Valley Water Company for an order authorizing it to execute to Bank of America National Trust and Savings Association, as Trustee, an Indenture supplemental to the existing Indenture, as amended, securing the Company's bonded indebtedness.

Application No. 46215
Filed February 19, 1964

O P I N I O N

This is an application for an order of the Commission authorizing San Gabriel Valley Water Company to execute a Twelfth Supplemental Trust Indenture, which would strike Section 16 from Article V of its Original Trust Indenture dated September 1, 1945, as amended by a Second Supplemental Trust Indenture, which Section 16 reads as follows:

"The Corporation covenants and agrees that it will not declare or pay in cash or property any dividends, or make any distributions to its stockholders, or purchase and pay for any shares of its capital stock, when the result of such payment would be to reduce the net current asset position of the Corporation below the ratio of 100% of the current assets to current liabilities, as hereinafter defined, or while said deficiency shall exist.

"The term 'current assets' shall mean current assets as determined in accordance with generally accepted accounting principles.

"The term 'current liabilities' shall mean current liabilities as determined in accordance with generally accepted accounting principles.

"The Corporation also covenants and agrees that it will not declare or pay in cash or property (except in shares of its capital stock) any dividends, or make any other distributions, to its stockholders, or purchase and pay for any shares of its capital stock, except from earned surplus which shall arise from the operations of the business of the Corporation subsequent to December 31, 1949."

Applicant asserts that if said restrictions are not eliminated, they will require it to maintain a current asset position not generally maintained by public utilities, at a substantially increased and otherwise wholly unnecessary expense. The company reports that all of its \$5,000,000 principal amount of outstanding bonds are held by three bondholders, namely, The Lincoln National Life Insurance Company, The Northwestern Mutual Life Insurance Company and Occidental Life Insurance Company of California, each of which has consented, in writing, to the execution of said Twelfth Supplemental Trust Indenture so as to eliminate said restrictions from the Trust Indenture.

The Commission has considered this matter and finds that the execution of said Twelfth Supplemental Trust Indenture would not be adverse to the public interest. On the basis of this finding we conclude that the application should be granted. A public hearing is not necessary.

O R D E R

IT IS ORDERED that San Gabriel Valley Water Company may execute and deliver to the Trustee thereunder a Twelfth Supplemental Trust Indenture in the same form, or in substantially the same form, as that attached to the application as Exhibit B.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 17th day of March, 1964.

William L. Bennett
President

George E. Grover

Fredrick B. Holmbeck

Commissioners

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