

ORIGINAL

Decision No. 67503

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PALM SPRINGS WATER COMPANY under Public Utilities Code Section 817 for authority to issue Note or other evidence of indebtedness payable at periods of more than 12 months after the date thereof for the purposes of discharging or refunding of its obligations and for the construction, completion, extension, improvement or maintenance of its facilities and service.

Application No. 46730
Filed June 16, 1964

O P I N I O N

In this application, Palm Springs Water Company requests an order of the Commission authorizing it to issue a promissory note, or notes, aggregating \$300,000.

Applicant is a California corporation engaged as a public utility in providing water service to consumers located in and about the City of Palm Springs. Its 1963 annual report to the Commission shows gross operating revenues of \$808,998 and net income of \$112,927 for the year, and 7,798 active service connections, exclusive of private fire connections and public fire hydrants, at December 31, 1963. The balance sheet, attached to the application, indicates that as of April 30, 1964, the company's total assets amounted to \$3,693,642 after deducting a \$988,868 reserve for depreciation. Exclusive of contributions in aid of construction amounting to

\$140,948, applicant's capital structure as recorded on April 30, 1964 and as adjusted to give effect to the proposed financing, is as summarized below:

	April 30, 1964		Pro forma	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Short-term notes	\$ 190,000	6%	-	-
Long-term debt	652,280	19	\$ 952,280	27%
Advances for construction	944,868	27	944,868	27
Preferred stock	48,750	1	48,750	1
Common stock equity	<u>1,605,441</u>	<u>47</u>	<u>1,605,441</u>	<u>45</u>
Total	<u>\$3,441,339</u>	<u>100%</u>	<u>\$3,551,339</u>	<u>100%</u>

The application shows that the utility has issued short-term notes in the aggregate amount of \$190,000 at various times for the purposes of financing and refinancing the cost of plant additions. The company reports that the rapid economic development and population increase in its service area will require further capital expenditures totaling \$183,621 in 1964.

Applicant proposes to borrow \$300,000 from Security First National Bank, to apply \$190,000 of the proceeds toward refunding said short-term notes and to utilize \$110,000 for financing a portion of the cost of additional plant facilities to be installed in 1964. The borrowing will be represented by a promissory note, or notes, repayable in not to exceed four years after date of issue and bearing interest at the rate of 5-1/2% per annum.

The Commission has considered this matter and finds that: (1) the proposed note issues are for proper purposes; (2) the money, property or labor to be procured or paid for by the issue of the notes herein authorized is reasonably required for the purposes specified herein; and (3) such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

The authorization herein granted is for the purpose of this proceeding only and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

ORDER

IT IS ORDERED that:

1. Palm Springs Water Company, on or after the effective date hereof and on or before December 31, 1964, may issue a 5-1/2% promissory note, or notes, in the aggregate principal amount of not to exceed \$300,000 for the purposes set forth in this proceeding.

2. Palm Springs Water Company shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

3. This order shall become effective when Palm Springs Water Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$300.

Dated at _____, California,
this 14th day of July, 1964.

Fredrick B. Hallock
President

J. E. Nathan

George T. Grover

William L. Bennett

Commissioners

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

