

**ORIGINAL**

Decision No. 70315

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of the Southern California Water )  
Company for authority to issue )  
and sell not to exceed \$3,000,000 )  
aggregate principal amount of its )  
First Mortgage Bonds, 5.10% )  
Series, due 1996, and to execute )  
and deliver a Supplemental )  
Indenture dated as of March 1, )  
1966. )

Application No. 48175  
Filed January 12, 1966

O P I N I O N

Southern California Water Company has filed this application requesting authorization from the Commission to issue and sell \$3,000,000 principal amount of its first mortgage bonds and to execute a Supplemental Indenture.

Applicant is a California corporation engaged as a public utility in the business of producing, distributing and supplying water in portions of Imperial, Kern, Los Angeles, Orange, Sacramento, San Bernardino and Ventura Counties. It also provides electric utility service in Bear Valley, San Bernardino County. For the twelve months ended November 30, 1965, applicant reports total utility operating revenues of \$9,955,727 and net income of \$1,696,978.

The application shows that as of January 11, 1966, the utility's short-term bank borrowings aggregated \$1,600,000, the proceeds of which have been, or will be, used to pay for the acquisition of property or for the construction, completion,

extension or improvement of its facilities. The company advises that additional short-term loans may be made for similar purposes prior to sale of the bonds contemplated herein. Applicant's construction budget, which is summarized in Exhibit C attached to the application, indicates that estimated construction in 1966 will total \$4,730,000 and that \$2,059,500 of such expenditures will be financed by advances for construction and contributions in aid of construction.

The bond issue proposed in this proceeding will constitute a new series to be designated First Mortgage Bonds, 5.10% Series due 1996. They will be dated as of March 1, 1966, will mature March 1, 1996, and will be subject to a ten-year restricted redemption provision. According to applicant, its experience has indicated that without such restriction the market for its bonds would be substantially reduced and the probable cost to it of funds would be higher. The new issue will be secured by an existing Indenture as heretofore supplemented and as further supplemented by a new Supplemental Indenture to be dated as of March 1, 1966.

Upon receiving authorization from the Commission, the company contemplates selling the \$3,000,000 of new bonds to a small number of institutional investors at their principal amount plus accrued interest, pursuant to the terms of a Purchase Agreement. Applicant states that the proceeds, exclusive of accrued interest, will be applied to the retirement of short-term bank loans and to financing a part of its 1966 construction requirements. The accrued interest will be used for general corporate purposes.

The Commission has considered this matter and finds that: (1) the proposed bond issue is for proper purposes; (2) applicant will be required to pay interest at a lower rate than it would in the absence of a restricted redemption provision; (3) the execution of a Supplemental Indenture will not be adverse to the public interest; (4) 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 (5) such purposes, except as otherwise authorized for accrued interest, are 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 herein given 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.

O R D E R

IT IS ORDERED that:

1. Southern California Water Company may execute and deliver a Supplemental Indenture in the same form, or in substantially the same form, as that attached to the application.
2. Southern California Water Company may issue and sell not to exceed \$3,000,000 of its First Mortgage Bonds, 5.10% Series due 1996, at not less than their principal amount plus accrued interest, for the purposes specified in the application.

3. Southern California 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.

4. This order shall become effective on the day of payment by Southern California Water Company of the fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$2,000, or on the fifth day after the date hereof, whichever day is later.

Dated at San Francisco, California,  
this 8th day of FEBRUARY, 1966.

Frederick B. Hallock  
President

Arthur J. Mitchell

Augustus

William L. Bennett

Commissioners

Commissioner George G. Grover, being necessarily absent, did not participate in the disposition of this proceeding.

