

ORIGINAL

Decision No. 73215

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )	
of SUBURBAN WATER SYSTEMS, a )	Application No. 49460
California corporation, for )	Filed June 14, 1967
permission to issue 6-1/4% )	
Debentures due in 1977. )	
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Walker Hannon, for applicant;  
Sidney J. Webb, for the Commission staff.

O P I N I O N

This is an application for an order of the Commission authorizing Suburban Water Systems to issue and sell \$300,000 aggregate principal amount of its debentures.

After due notice, a public hearing in this matter was held before Examiner Donovan in San Francisco on August 31, 1967, 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 public utility water business in portions of Los Angeles and Orange Counties. For the year ended December 31, 1966, the company reports gross operating revenues of \$3,067,875 and a net income of \$219,429.

In this proceeding applicant proposes to issue and sell, for cash, at not less than face value, \$300,000 aggregate principal amount of its 6-1/4% debentures due in 1977. The

proceeds would be used for replenishing, in part, the company's working capital for capital expenditures incurred for the following:

Meters and services	\$ 26,566
Payments on refund contracts	61,029
Pumping equipment	13,228
Line relocations	<u>234,878</u>
Total	<u>\$335,701</u>

In Decision No. 72784, dated July 18, 1967, on Applications Nos. 48522 and 49007, the Commission stated that applicant's present financial structure continues to be unduly burdened with debt, the capitalization percentages as of December 31, 1966, being as follows:

Long-term debt	46.7%
Advances for construction	15.2
Preferred capital stock	22.7
Common stock equity	9.4
Contributions in aid of construction	<u>6.0</u>
Total	<u>100.0%</u>

Exhibit No. 2, filed in the present proceeding, indicates no substantial change in the respective percentages as of July 31, 1967.

Finding No. 13 of said Decision No. 72784 states that applicant's common stock equity capital ratio does not compare favorably with other Class A water utilities operating in California, or with ratios which the Commission has, from time to time, considered necessary and advisable.

The Commission has considered this matter and finds that: (1) Finding No. 13 of Decision No. 72784, dated July 18, 1967, is applicable to the present proceeding, and (2) the proposed issue of additional debentures will not improve applicant's common-stock equity capital ratio.

On the basis of the foregoing findings we conclude that the application should be denied.

O R D E R

IT IS ORDERED that Application No. 49460 is hereby denied.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California,  
this 21<sup>st</sup> day of OCTOBER, 1967.

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President

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*William J. ...*  
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*W. P. ...*  
Commissioners