

ORIGINAL

Decision No. 74460

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of COUNTY WATER COMPANY, Inc.)	Application No. 50371
for authorization to execute)	Filed July 2, 1968
evidence of indebtedness.)	

O P I N I O N

County Water Company is a California corporation engaged in the business of providing water service to consumers located in portions of Los Angeles County. In this application the utility requests authorization from the Commission to issue a promissory note in the principal amount of \$150,000.

The latest annual report of applicant on file with the Commission shows total operating revenues and net income of \$150,734 and \$15,672, respectively, for the year ended December 31, 1967. The company's reported net utility plant on said date amounted to \$460,108 after deducting accumulated depreciation.

Applicant's capitalization ratios as of March 31, 1968, excluding \$13,893 of contributions in aid of construction, and as adjusted to give effect to the financing proposed herein, are computed as follows:

	<u>March 31, 1968</u>	<u>Pro Forma</u>
Long-term debt	21%	30%
Advances for construction	19	17
Common stock and surplus	<u>60</u>	<u>53</u>
Total	<u>100%</u>	<u>100%</u>

Applicant proposes to borrow \$150,000 from Bank of America National Trust and Savings Association pursuant to the terms of a Loan Agreement. The borrowing will be evidenced by a promissory note repayable in monthly installments of \$1,700 each plus interest payable monthly at the rate of 1-3/4% above the bank's prime rate from time to time in effect. The company will use the note proceeds for purchasing additional plant, for retiring existing indebtedness to shareholders incurred for capital improvements, and for working capital. The application sets forth in some detail the utility's past and proposed capital improvement program.

The Commission has considered this matter and finds that: (1) the proposed note is for proper purposes; (2) the money, property or labor to be procured or paid for by the issue of the note 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. A public hearing is not necessary.

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

O R D E R

IT IS ORDERED that:

1. County Water Company, on or after the effective date hereof and on or before October 31, 1968, for the purposes specified in this proceeding, may issue its promissory note in the principal amount of not exceeding \$150,000 in accordance with the terms of a Loan Agreement. Said Loan Agreement shall be in the same form, or in substantially the same form, as that attached to the application.

2. County 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 County Water Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$150.

Dated at San Francisco, California,
this 30th day of JULY, 1968.

William J. Brown
President
William W. Bennett

Greg P. Morrissey
Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner A. W. Gatov, being necessarily absent, did not participate in the disposition of this proceeding.

