

**ORIGINAL**

Decision No. 75120

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 )  
 PARK WATER COMPANY )  
 )  
 for authority to issue evidence of )  
 indebtedness (promissory note) )  
 \_\_\_\_\_ )

Application No. 50717  
Filed November 27, 1968

O P I N I O N

This is an application for an order of the Commission authorizing Park Water Company to issue unsecured promissory notes in the aggregate principal amount of not exceeding \$650,000.

Applicant is a California corporation supplying and distributing water in portions of Los Angeles County and San Bernardino County. For the first nine months of 1968 it reports operating revenues of \$1,352,808 and a profit after taxes of \$72,756. A summary of the company's reported assets and liabilities at September 30, 1968, obtained from Exhibit C, attached to the application, is as follows:

Assets

Utility plant less reserves for depreciation	\$7,251,002
Other physical property	53,626
Other investments	199,718
Cash on hand and in banks	89,001
Notes receivable	58,349
Other receivables	123,010
Materials and supplies	114,215
Prepayments	<u>27,160</u>
Total	<u>\$7,916,081</u>

Liabilities

Long-term liabilities	\$1,200,000
Current and accrued liabilities	338,633
Advances for construction	547,771
Employees' bond account and pension plan	22,795
Contributions in aid of construction	2,190,476
Common stock	679,325
Capital surplus	1,320,675
Earned surplus	<u>1,616,406</u>
Total	<u>\$7,916,081</u>

By Decision No. 74643, dated September 4, 1968, in Application No. 49080, the Commission conditionally authorized the utility to make effective certain rate schedules, one of the conditions being that the company must adopt a specified three-year improvement program. The estimated costs under the program aggregate \$1,279,200. Applicant reports that it has commenced construction in accordance with such program.

In order to obtain funds for financing, in part, the construction of improvements under said program, applicant proposes to enter into a Credit Agreement with Security Pacific National Bank. The bank will make \$650,000 available, which the water company may borrow, repay and reborrow from time to time. Each loan will be evidenced by a promissory note bearing a due date of not later than December 31 of the year in which the loan is made. Interest will be payable quarterly on unpaid principal at a rate of 1-1/4% per annum in excess of the bank's prime rate for 90-day commercial loans as such prime rate may change from time to time.

After consideration the Commission finds that: (1) the proposed notes 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. 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. Park Water Company, on or after the effective date hereof, for the purposes specified in the application, from time to time may issue its notes in the aggregate principal amount of not exceeding \$650,000 outstanding at any time, in accordance with the terms of a Credit Agreement in the same form, or in substantially the same form, as that attached to the application as Exhibit A.

2. Park 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 Park Water Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$650.

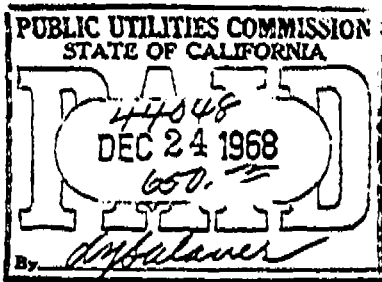
Dated at San Francisco, California,  
this 20th day of DECEMBER, 1968.

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.

*William J. Quinn*  
President

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

*[Signature]*



*Fred P. Monissey*  
Commissioners