

ORIGINAL

Decision No. 75658

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. 51030
 Filed April 23, 1969

O P I N I O N

Park Water Company requests an order of the Commission authorizing it to issue unsecured notes in the aggregate principal amount of not exceeding \$560,000, and to sell certain facilities.

Applicant is a California corporation supplying and distributing water in portions of the counties of Los Angeles and San Bernardino. For the year 1968 it reports operating revenues of \$1,860,374 and a net income of \$151,552. A summary of the company's reported assets and liabilities at February 28, 1969, obtained from Exhibit D attached to the application, is as follows:

Assets

Utility plant less reserves for depreciation	\$7,584,349
Other assets	<u>838,517</u>
Total	<u>\$8,422,866</u>

Liabilities

Common stock	\$ 679,325
Capital surplus	1,320,675
Earned surplus	1,701,287
Long-term debt	1,150,000
Current and accrued liabilities	492,726
Advances for construction	563,723
Contributions in aid of construction	<u>2,515,130</u>
Total	<u>\$8,422,866</u>

For the purpose of obtaining funds for acquiring approximately eight acres of land located in the City of Downey, the utility proposes to issue a note in favor of Security Pacific National Bank in the principal amount of not exceeding \$350,000 repayable over a period of seven years. The note will bear interest on unpaid principal at a rate not exceeding 1-1/4% per annum in excess of the bank's prime rate for ninety-day commercial loans, as said prime rate may change from time to time.

Applicant proposes to construct improvements upon said property (a) to serve as the headquarters for its administrative, engineering, accounting, billing and collection personnel, and (b) to use for maintaining and storing transportation equipment, material and supplies, and other related plant facilities. The estimated cost of such improvements approximates \$210,000. In order to obtain funds for constructing said improvements, the utility proposes to issue a note, or notes, in favor of Title Insurance and Trust Company in the total principal amount of not exceeding \$210,000 for a term of ten years with interest payable on unpaid principal at a rate of 8% per annum.

The land and improvements at Downey will enable applicant to combine its facilities in one location, whereas, presently they are separated with some in the City of Compton and others in the City of Paramount. Upon ceasing to be necessary or useful in the performance and discharge of duties to its consumers, applicant intends to sell said present facilities, and to apply the proceeds toward discharging its obligations, or for permanent additions to its plant.

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, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.
3. Upon occupancy by applicant of the proposed facilities at Downey, the sale of its facilities at Compton and Paramount will not be adverse to the public interest.

On the basis of the foregoing 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.

O R D E R

IT IS ORDERED that:

1. Park Water Company, on or after the effective date hereof and on or before December 31, 1969, for the purposes specified in this proceeding, may issue its notes in the aggregate principal amount of not exceeding \$560,000, which notes shall be in the same form, or in substantially the same form, as Exhibits B and C attached to the application.

2. On or after the date Park Water Company occupies its proposed facilities at Downey, and its facilities at Compton and Paramount cease to be necessary or useful in the performance of its duties to the public, applicant may sell any or all of the latter facilities.

3. 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.

4. 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 \$560.

Dated at San Francisco, California, this 13th day of MAY, 1969.

William Synovis, Jr.
President

August

John P. Monsey

W. H. Hanna

Commissioners

