

Decision No. 77868

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 Southern California Water Company )  
 for authority to issue and sell not )  
 exceeding \$3,000,000 aggregate )  
 principal amount of its First )  
 Mortgage Bonds, 9-1/2% Series due )  
 1975, and to execute and deliver a )  
 Supplemental Indenture dated as of )  
 November 1, 1970. )

Application No. 52234  
 Filed October 8, 1970

O P I N I O N

Southern California Water Company requests an order of the Commission authorizing it to execute and deliver a Supplemental Indenture, and to issue and sell not exceeding \$3,000,000 aggregate principal amount of its First Mortgage Bonds, 9-1/2% Series due 1975.

Applicant is a California corporation operating public utility water systems in portions of the Counties of Contra Costa, Imperial, Los Angeles, Orange, Sacramento, San Bernardino and Ventura. In addition, the company renders electric service in the vicinity of Big Bear Lake in San Bernardino County. For the twelve months ended August 31, 1970, the utility reports total operating revenues and net income of \$14,568,147 and \$2,002,736, respectively.

The utility proposes to issue and sell \$3,000,000 aggregate principal amount of its First Mortgage Bonds, 9-1/2% Series due 1975 to Lumbermens Mutual Casualty Company at a price equal to 100% of the principal amount thereof with interest accruing from the date of delivery and payment. As compensation for negotiating the sale of the bonds, applicant intends to pay Dean Witter & Co. Incorporated and Kirkpatrick, Pettis, Smith, Polian Inc. a total fee of \$22,500, computed on the basis of 3/4 of 1% of \$3,000,000. The bonds will not be redeemable, and will be secured by an existing Indenture as heretofore supplemented and as further supplemented by a new Supplemental Indenture to be dated as of November 1, 1970.

The proceeds to be derived from the sale of the new bonds will be applied to discharging the outstanding \$2,900,000 of bank loans to applicant incurred for financing construction and acquisition of utility properties, and to financing a part of the utility's 1970 construction requirements. Said sum of \$2,900,000 includes \$1,900,000 represented by unsecured notes authorized by Decision No. 76361, dated November 4, 1969, in Application No. 51425.

Applicant's capitalization ratios as of August 31, 1970, adjusted to give effect to the proposed \$3,000,000 bond issue are reported as follows:

Long-term debt	58.6%
Preferred stock	6.6
Common stock equity	<u>34.8</u>
Total	<u>100.0%</u>

After consideration the Commission finds that:

1. The proposed bond issue is for proper purposes.
2. Applicant has need for external funds for the purposes set forth in this proceeding.
3. The proposed Supplemental Indenture would 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, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

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:

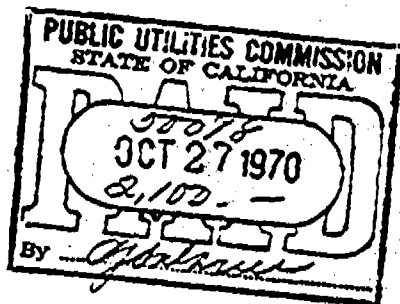
1. Southern California Water Company may execute and deliver a Supplemental Indenture in the same form, or in substantially the same form, as that attached to the application as Exhibit A to Exhibit C.

2. Southern California Water Company may issue and sell not exceeding \$3,000,000 aggregate principal amount of its First Mortgage Bonds, 9-1/2% Series due 1975, at the price and for the purposes as set forth 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 when Southern California Water Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$2,100.

Dated at San Francisco, California,  
this 27<sup>th</sup> day of OCTOBER, 1970.



[Signature]  
Chairman

[Signature]

[Signature]

[Signature]  
Commissioners

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