

ORIGINAL

Decision No. 78600

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of CALIFORNIA-AMERICAN WATER)
COMPANY for authority to (a))
renew a promissory note in the)
amount of \$550,000 issued in)
order to refund an existing)
indebtedness, and (b) make)
short term borrowings against)
an open line of credit in the)
amount of \$3,000,000 for the)
purpose of construction,)
completion, extension and)
improvement of its facilities)
and to refund existing)
indebtednesses.)

Application No. 52531
Filed April 5, 1971

O P I N I O N

California-American Water Company seeks an order of the Commission authorizing it to issue notes in the aggregate principal amount of not exceeding \$3,550,000 at any one time outstanding.

Applicant is a California corporation owning and operating public utility water systems within the Counties of Los Angeles, Monterey, San Diego and Ventura. For the year 1970, it reports operating revenues and net income of \$11,251,225 and \$776,793, respectively.

Pursuant to authority granted by Decision No. 76721, dated January 27, 1970, in Application No. 51642, applicant issued a \$550,000 promissory note due March 31, 1971, in favor of Bank of America National Trust and Savings Association, and bearing interest at the prevailing prime rate plus 1/4%, on

a floating basis. The company desires to renew the term of said note from time to time, but not exceeding six months, at the prevailing prime rate plus 1/4%. Except for the term and currently applicable interest rate, the form of the renewal note will be in all other respects identical to the note authorized by said Decision No. 76721.

The application shows that the utility presently holds an open line of credit with said bank in the amount of \$3,000,000 through March 31, 1972, and contemplates that the termination date will be extended to March 31, 1974. As an alternative, applicant might establish a similar line of credit with another bank or lending institution until March 31, 1974. The rate of interest on the extended line of credit, or on a similar line of credit with another bank or lending institution, is to be either at the floating prime rate or the then prevailing rate of interest. The utility reports that any indebtedness pertaining to the lines of credit has been, and will be, incurred for the purposes of construction, completion, extension and improvement of its facilities, and for refunding related borrowings. As of March 31, 1971, the company reports a balance of \$1,900,000 outstanding pursuant to its present line of credit.

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. California-American Water Company, for the purpose set forth in this proceeding and upon the terms specified in the application, may issue its renewal note, or notes, in the principal amount of not exceeding \$550,000 at any one time outstanding and repayable no later than September 30, 1971.

2. California-American Water Company, upon the terms and for the purposes described in the application, may issue notes evidencing borrowings against a \$3,000,000 open line of credit.

3. Within thirty days after issuing any of the notes herein authorized California-American Water Company shall file with the Commission a copy thereof as actually issued. The filings shall be in lieu of reports required by General Order No. 24-B.

4. This order shall become effective when California-American Water Company has paid the fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$4,000.

Dated at Los Angeles, California, this 27th day of APRIL, 1971.

 Chairman
William J. ...

 Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

PUBLIC UTILITIES COMMISSION
 STATE OF CALIFORNIA
 Part 52531
 APR 28 1971
 4,000. -
 By _____