

ORIGINAL

Decision No. 78855

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of )

THE CAMPBELL WATER COMPANY, )  
a corporation, )

for an Order authorizing it (a) )  
to execute a supplemental loan )  
agreement with Pacific Mutual )  
Life Insurance Company providing )  
for an additional loan of )  
\$150,000; (b) to issue its )  
promissory notes in the principal )  
amount of \$150,000 pursuant to )  
said agreement; and (c) to )  
execute a Sixth Supplemental )  
Indenture supplementing its )  
Mortgage of Chattels and Real )  
Property dated as of May 1, 1951. )

Application No. 52630  
Filed May 21, 1971  
and Amendment  
Filed June 10, 1971

O P I N I O N

The Campbell Water Company seeks an order of the Commission authorizing it (a) to execute and deliver a Supplemental Loan Agreement and a Sixth Supplemental Indenture, and (b) to issue and deliver notes in the aggregate principal amount of \$150,000.

Applicant is a California corporation engaged in the public utility water business serving the City of Campbell and adjacent territory. For the year 1970 it reports operating revenues and net income of \$550,230 and \$49,736, respectively. The utility's assets and liabilities as of March 31, 1971 are summarized from Exhibit A, attached to the application, as follows:

Assets

Current assets	\$ 61,927
Net utility plant	1,632,903
Other assets	<u>33,044</u>
Total	<u>\$1,727,874</u>

Liabilities

Current liabilities	\$ 70,082
Long-term debt, including current portion	628,000
Advances for construction	391,652
Contributions in aid of construction	24,016
Preferred stock	50,000
Common stock equity	549,782
Other liabilities	<u>14,342</u>
Total	<u>\$1,727,874</u>

According to a proposed agreement with Pacific Mutual Life Insurance Company, applicant contemplates borrowing \$150,000 to be used (a) to repay a short-term bank loan in the amount of \$18,000, the proceeds of which were used to retire the balance of a previously authorized note, and (b) to finance additions and improvements amounting to \$132,000 in connection with the company's 1971 and 1972 construction program.

The new borrowing would be evidenced by two notes in the principal amounts of \$90,000 and \$60,000, respectively. Said notes would bear interest at the rate of 9% per annum, and would require repayment of the principal amounts in annual installments equivalent to 2% of such principal amounts commencing November 1, 1973, with the unpaid balances becoming due on May 1, 1991. The notes would be subject to a restricted prepayment

provision until May 1, 1981, and would be secured by an existing Mortgage of Chattels and Real Property, as previously supplemented, and as further supplemented by a proposed Sixth Supplemental Indenture.

After consideration the Commission finds that:

1. The proposed note issues are for proper purposes.
2. Applicant would be required to pay interest at a lower rate than it would in the absence of the proposed restricted prepayment provision.
3. 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.
4. The proposed documents would not be adverse to the public interest.

On the basis of the foregoing findings we conclude that the application, as amended, 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:

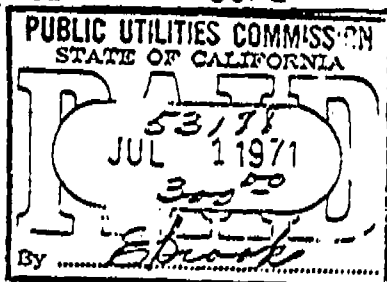
1. The Campbell Water Company may execute and deliver a Supplemental Loan Agreement and a Sixth Supplemental Indenture, which documents shall be in the same form, or in substantially the same form, as those attached to the amendment to the application.

2. The Campbell Water Company, on or after the effective date hereof and on or before June 30, 1972, for the purposes set forth in the application, as amended, may issue its notes in the aggregate principal amount of not exceeding \$150,000, which notes shall be in the same form, or in substantially the same form, as that attached to the amendment to the application.

3. The Campbell Water Company shall file with the Commission 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 The Campbell Water Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$300.

Dated at San Francisco, California, this 29<sup>th</sup> day of JUNE, 1971.



[Signature]  
Chairman  
William J. [Signature]  
[Signature]  
Vernon L. Sturgeon

Commissioners

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