

Decision No. 79497

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)
))
CALIFORNIA-AMERICAN WATER COMPANY)
))
for authority to borrow the sum)
of \$3,000,000 through a bank loan)
to mature a maximum of three)
years from date of loan for the)
purpose of refunding an existing)
short-term bank loan.)

Application No. 53031
Filed November 29, 1971

O P I N I O N

California-American Water Company seeks an order of the Commission authorizing it to issue a \$3,000,000 note.

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. 78600, dated April 27, 1971, in Application No. 52531, applicant issued a \$3,000,000 promissory note due March 31, 1972, in favor of Bank of America National Trust and Savings Association under an open line of credit available until March 31, 1974. In order to continue the revolving credit authorized by said

Decision No. 78600, the company proposes to borrow an additional \$3,000,000 from said bank, or other bank or lending institution, for the purpose of repaying said previously authorized note. The borrowing would be evidenced by a note, or notes, repayable not later than December 31, 1973, and bearing interest on a floating basis at the lending institution's prime rate plus 1.25% if the prime rate is under 7%. In the event of higher prime rates, the additional percentage would increase.

After consideration the Commission finds that: (1) the proposed borrowing is for a proper purpose; (2) the money, property or labor to be procured or paid for by the issue of the note, or notes, herein authorized is reasonably required for the purpose specified herein; and (3) such purpose is 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. California-American Water Company, on or after the effective date hereof and on or before April 30, 1972, for the purpose set forth in the application, may issue a

note, or notes, in the aggregate principal amount of not exceeding \$3,000,000, which note, or notes, shall be in substantially the same form as Exhibit C, attached to the application.

2. California-American Water Company shall file with the Commission the report 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 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 San Francisco, California, this 21st day of DECEMBER, 1971.

[Signature]
Chairman
[Signature]
[Signature]
[Signature]
[Signature]
Commissioners

