

Decision No. 80160**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
 of San Gabriel Valley Water)
 Company for an Order authorizing)
 it to issue and sell \$1,500,000)
 principal amount of its First)
 Mortgage 8% Improvement Fund)
 Bonds, Series K, Due June 1,)
 2002, and to execute to Bank)
 of America National Trust and)
 Savings Association, as Trustee,)
 an Indenture supplemental to its)
 existing Indenture, as amended,)
 securing the Company's bonded)
 indebtedness.)

Application No. 53313
 (Filed May 8, 1972)
 and Amendment
 (Filed May 30, 1972)

OPINION

San Gabriel Valley Water Company seeks authorization to execute and deliver a Supplemental Indenture, and to issue \$1,500,000 principal amount of its first mortgage bonds.

Applicant is a California corporation providing water service to approximately 56,000 active connections located in the Counties of Los Angeles and San Bernardino. For the year 1971 it reports operating revenues and net income in the respective amounts of \$4,454,916 and \$545,398. The utility's capitalization percentages at February 29, 1972, and as adjusted to give effect to the proposed bond issue, are reported as follows:

	<u>Feb. 29, 1972</u>	<u>Pro forma</u>
Short-term borrowings	3%	-
Bonds	56	62%
Preferred stock	8	8
Common stock equity	<u>33</u>	<u>30</u>
Total	<u>100%</u>	<u>100%</u>

The proposed bond issue would be designated First Mortgage 8% Improvement Fund Bonds, Series K, Due June 1, 2002, and would be secured by an existing indenture as heretofore supplemented and amended and as further supplemented and amended by a proposed Fifteenth Supplemental Trust Indenture. A ten-year restricted redemption provision would apply to the proposed bond issue.

The company plans to sell the new bonds to Pacific Mutual Life Insurance Company and San Gabriel Valley Water Company Pension Trust in the respective amounts of \$1,000,000 and \$500,000, for cash, at their principal amounts plus accrued interest, pursuant to the terms of Purchase Agreements. The proceeds would be applied toward (a) repaying short-term borrowings incurred for the purpose of reimbursing its treasury for money expended for plant additions, which borrowings amounted to \$650,000 at the time of filing the application, and (b) financing, in part, its 1972 plant additions, estimated at \$1,386,400. Accrued interest would be used for ordinary corporate purposes.

After consideration the Commission finds that:

1. The proposed documents would not be adverse to the public interest.
2. The proposed bond issue is for proper purposes.
3. Applicant has need for external funds for the purposes set forth in this proceeding.
4. The proposed restricted redemption provision is reasonable.
5. 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, except as otherwise authorized for accrued interest, 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, 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. San Gabriel Valley Water Company may execute and deliver a Fifteenth Supplemental Trust Indenture in substantially the same form as that attached to the application as Exhibit C after adding appropriate real property descriptions.
2. San Gabriel Valley Water Company may issue and sell not exceeding \$1,500,000 aggregate principal amount of its First Mortgage 3% Improvement Fund Bonds, Series K, Due

June 1, 2002, at not less than the principal amount plus accrued interest, in accordance with Purchase Agreements in substantially the same forms as Exhibits B-1 and B-2 filed in this proceeding.

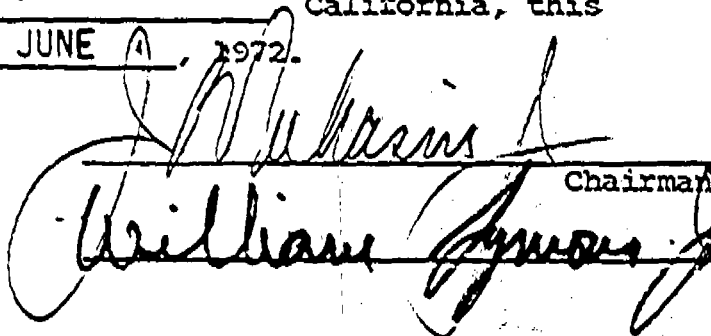
3. San Gabriel Valley Water Company shall apply the bond proceeds to the purposes set forth in the foregoing opinion.

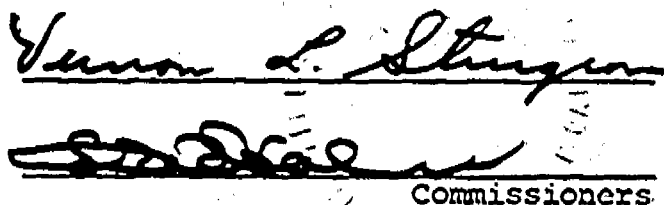
4. Pending application of the bond proceeds to the purposes herein authorized, San Gabriel Valley Water Company may invest temporarily any portion or portions thereof in short-term obligations of the United States of America.

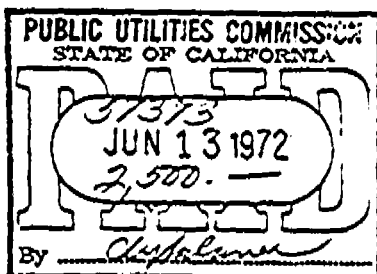
5. San Gabriel Valley Water Company shall file with the Commission the reports required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

6. This order shall become effective when San Gabriel Valley Water Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$2,500.

Dated at San Francisco California, this
13th day of JUNE, 1972.


Chairman


Commissioners



Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.