

Decision No. 82254

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 (a) renew a promissory)	
note in the amount of \$3,000,000 issued)	
in order to refund an existing indebted-)	
ness, and to borrow an additional \$500,000)	Application No. 54473
under said note and (b) to extend the)	(Filed November 29, 1973)
maturity date of an open line of credit)	
in the amount of \$3,000,000 for the)	
purpose of making short term borrowings)	
for construction, completion, extension)	
and improvement of its facilities and to)	
refund existing indebtedness.)	

O P I N I O N

California-American Water Company seeks authority to continue issuing notes until December 31, 1974 in accordance with a revolving line of credit, and to issue a \$3,500,000 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 1972, it reports operating revenues and net income amounting to \$12,466,289 and \$811,681, respectively.

The application shows that in accordance with Decision No. 78600, dated April 27, 1971, in Application No. 52531, the utility presently holds an open line of credit with Bank of America National Trust and Savings Association in the amount of \$3,000,000 through March 31, 1974, and contemplates that the termination date will be extended to December 31, 1974. As an alternative, applicant might establish a similar line of credit with another bank or lending institution until December 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. As of September 30, 1973, the company reports a balance of \$2,250,000 outstanding pursuant to its present line of credit.

Pursuant to authority granted by Decision No. 79497, dated December 21, 1971, in Application No. 53031, applicant herein issued a \$3,000,000 note in favor of said bank, and with a maturity date of December 31, 1973. The utility reports that it expended the \$3,000,000 proceeds for purposes of construction, completion and extension of its facilities. Applicant seeks authority to issue in favor of said bank a \$3,500,000 note due December 31, 1974, and bearing interest at the bank's prime rate plus (a) 1-1/4% if the prime rate is under 7%; (b) 1-1/2% if the prime rate is 7% or more up to 8-1/2%; or (c) 1-3/4% if the prime rate is greater than 8-1/2%. The \$3,500,000 note would be issued to repay said \$3,000,000 note and \$500,000 borrowed under said open line of credit.

After consideration the Commission finds that: (1) the proposed borrowings are for proper purposes; (2) the money, property or labor to be procured or paid for by 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.

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:

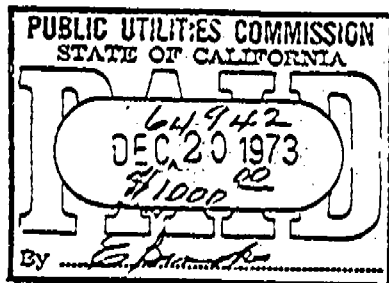
1. The expiration date of a \$3,000,000 open line of credit pertaining to notes of California-American Water Company authorized by Ordering Paragraph No. 2 of Decision No. 78600 is hereby extended to and including December 31, 1974.

2. California-American Water Company, for the purposes set forth in the application, may issue a note in the principal amount of not exceeding \$3,500,000, which note shall bear a due date of no later than December 31, 1974, and interest at not exceeding the rates set forth in this proceeding.

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 \$1,000.

Dated at San Francisco, California, this 13th day of December, 1973.



President
William Gustus Jr.

[Signature]

[Signature]
Commissioners

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

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