

Decision No. 83499

ORIGINAL

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)
\$200,000; (b) to issue its)
promissory notes in the principal)
amount of \$200,000 pursuant to)
said agreement; and (c) to)
execute a Seventh Supplemental)
Indenture supplementing its)
Mortgage of Chattels and Real)
Property dated as of May 1, 1951.)

Application No. 55151
(Filed September 4, 1974)

O P I N I O N

The Campbell Water Company seeks authority to execute and deliver a Supplemental Loan Agreement and a Seventh Supplemental Indenture, and to issue and deliver notes in the aggregate principal amount of \$200,000.

Applicant is a California corporation engaged in the public utility water business serving Campbell and adjacent territory. Its balance sheet at June 30, 1974, as summarized from Exhibit A attached to the application, is as follows:

Assets

| | |
|-------------------|--------------------|
| Current assets | \$ 103,314 |
| Net utility plant | 1,936,740 |
| Other assets | <u>29,468</u> |
| Total | <u>\$2,069,522</u> |

Liabilities

| | |
|--------------------------------------|--------------------|
| Current and accrued liabilities | \$ 85,714 |
| Long-term debt, less current portion | 677,000 |
| Advances for construction | 473,617 |
| Contributions in aid of construction | 109,047 |
| Preferred stock | 50,000 |
| Common stock equity | 655,371 |
| Deferred credits | <u>18,773</u> |
| Total | <u>\$2,069,522</u> |

The company proposes to enter into an agreement with Pacific Mutual Life Insurance Company for the borrowing of \$200,000, of which \$158,000 would be used to finance additions and betterments to its water system, \$30,000 would be used to reimburse its treasury for funds used to repay a short-term bank loan, the proceeds of which were used to finance additions and betterments, and \$12,000 would be used to repay the balance of a previously authorized note.

The borrowing would be evidenced by two notes, each in the amount of \$100,000, bearing interest at the rate of 10% per annum and requiring repayment of the principal amounts in annual installments equivalent to 2% of such principal amounts commencing November 1, 1975, with the unpaid balances becoming due on November 1, 1994. The notes would be subject to a restricted prepayment provision until November 1, 1994, and would be secured

by an existing Mortgage of Chattels and Real Property, as previously supplemented, and as further supplemented by a proposed Seventh Supplemental Indenture.

After consideration the Commission finds that:

1. The proposed documents would not be adverse to the public interest.
2. The proposed restricted prepayment provision is reasonable.
3. The proposed notes would be for proper purposes.
4. The money, property or labor to be procured or paid for by 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.

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:

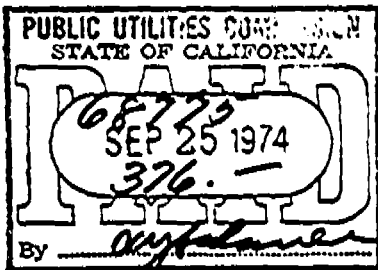
1. The Campbell Water Company may execute and deliver a Supplemental Loan Agreement and a Seventh Supplemental Indenture, which documents shall be in substantially the same forms as those attached to the application.

2. The Campbell Water Company, on or after the effective date hereof and on or before June 30, 1975, for the purposes set forth in the application, may issue its notes in the aggregate principal amount of not exceeding \$200,000, which notes shall be in substantially the same form as that attached to the application.

3. The Campbell 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.

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 \$376.

Dated at San Francisco, California, this 24th day of SEPTEMBER, 1974.



Vernon L. Steingart
President
William J. Synge, Jr.
A. M. Moran
Commissioners

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