

Decision No. 84111**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 execute)
 a loan agreement and to issue a)
 promissory note in the amount of)
 \$1,000,000.)

Application No. 55462
 (Filed January 29, 1975)

O P I N I O N

California-American Water Company seeks authority to execute a loan agreement and to issue a note in the principal amount of \$1,000,000.

Applicant is a California corporation owning and operating public utility water systems in the Counties of Los Angeles, Monterey, San Diego and Ventura. For the year 1974 it reports operating revenues and net income in the respective amounts of \$13,476,814 and \$913,729.

By Decision No. 78600, dated April 27, 1971, in Application No. 52531, as modified by Decision No. 82254, dated December 13, 1973, and Decision No. 83928, dated December 30, 1974, in Application No. 54473, the Commission authorized California-American Water Company to issue notes evidencing borrowings against a \$3,000,000 open line of credit to and including March 31, 1975. The present application indicates a balance of \$1,000,000 due under said line of credit after applying a portion of the proceeds of its 1974 Series Debentures, and that Bank of America National Trust and Savings Association has agreed to convert said \$1,000,000 balance into a 5-year term loan to be evidenced by a promissory note. Said note would be repayable in semi-annual installments of \$100,000

each, plus interest, payable monthly, at the bank's prime rate for the first year, at said prime rate plus 1/4% for the next two years, and at said prime rate plus 1/2% for the last two years.

After consideration the Commission finds that: (1) the proposed note would be for a proper purpose; (2) the money, property or labor to be procured or paid for by the note 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 date hereof and on or before March 31, 1975, for the purpose set forth in the application, may execute a loan agreement and may issue a term note in the principal amount of not exceeding \$1,000,000. The documents shall be in substantially the same forms as those 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. The effective date of this order is the date hereof.

Dated at San Francisco, California, this 19th day
of February, 1975.

Veronica L. Sturgeon
President
William J. Sturgeon
Donald R. Sturgeon
Leonard R. Sturgeon
Commissioners