

LSC

Decision No. 84947

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Southern California Water Company)
for authority to issue and sell not)
exceeding \$5,000,000 aggregate)
principal amount of its First)
Mortgage Bonds, 10-3/8% Series)
due 1995, and to execute and)
deliver a Supplemental Indenture)
dated as of October 1, 1975.)

Application No. 55889
(Filed August 27, 1975)

O P I N I O N

Southern California Water Company seeks authority to issue and sell not exceeding \$5,000,000 aggregate principal amount of its First Mortgage Bonds, 10-3/8% Series due 1995, and to execute and deliver a Supplemental Indenture.

Applicant is a California corporation operating public utility water systems in portions of the Counties of Contra Costa, Imperial, Los Angeles, Orange, Sacramento, San Bernardino and Ventura. In addition, the company provides electric service in the vicinity of Big Bear Lake in San Bernardino County. For the twelve months ended July 31, 1975, its reported total operating revenues and net income amounted to \$20,449,399 and \$2,589,504, respectively.

The utility proposes to issue and sell \$5,000,000 aggregate principal amount of its First Mortgage Bonds, 10-3/8% Series due 1995 to Teachers Insurance and Annuity Association of America at a price equal to 100% of the principal amount thereof plus interest accrued from October 1, 1975 to the date of delivery and payment. As compensation for negotiating the sale of the

bonds, applicant intends to pay Dean Witter & Co. Incorporated and Kirkpatrick, Pettis, Smith, Polian Inc. a fee of \$37,500, computed on the basis of $\frac{3}{4}$ of 1% of \$5,000,000. The proposed bonds would be secured by an existing Indenture as heretofore supplemented and as further supplemented by a new Supplemental Indenture. The bonds would be dated October 1, 1975, would mature October 1, 1995, and would be subject to a ten-year restricted redemption provision.

The proceeds (excluding accrued interest to be used for general corporate purposes) to be derived from the sale of the new bonds would be applied to refunding the outstanding \$3,000,000 of 9-1/2% First Mortgage Bonds due November 1, 1975 and authorized by Decision No. 77868, dated October 27, 1970, in Application No. 52234, and to repaying short-term bank loans in the principal amount of \$2,000,000. The company anticipates that at October 1, 1975, its outstanding short-term bank notes will total \$2,100,000 representing indebtedness for the acquisition of property or the construction, completion, extension or improvement of its properties. Applicant proposes to refund the \$2,100,000, in part, with \$2,000,000 of the proceeds to be derived from the bond issue, and to repay the balance of \$100,000 from funds generated internally. Said sum of \$2,000,000 includes \$500,000 represented by notes authorized by Decision No. 84431, dated May 13, 1975, in Application No. 55643.

Applicant's capitalization ratios as of July 31, 1975, adjusted to give effect to the proposed refinancing, as set forth in Exhibit A, attached to the application, are as follows:

Long-term debt	53.7%
Preferred stock	10.9
Common stock equity	<u>35.4</u>
Total	<u>100.0%</u>

After consideration the Commission finds that:

1. The proposed bond issue is for proper purposes.
2. Applicant has need for external funds for the purposes set forth in this proceeding.
3. The proposed restricted redemption is reasonable.
4. The proposed Supplemental Indenture would not be adverse to the public interest.
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, 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. Southern California Water Company may execute and deliver a Supplemental Indenture in substantially the same form as Exhibit A to Exhibit C attached to the application.
2. Southern California Water Company, on or after the effective date hereof and on or before December 31, 1975, may issue and sell not exceeding \$5,000,000 aggregate principal amount of its First Mortgage Bonds, 10-3/8% Series due 1995, at the price and for the purposes set forth in the application.
3. Southern California Water Company shall file with the Commission a report or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

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4. This order shall become effective when Southern California 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 30th day
of SEPTEMBER, 1975.

[Signature]
President
William J. Givens
Vernon J. Stetson
[Signature]
Paul R. [Signature]
Commissioners

