

ORIGINAL

Decision 82 06 062 JUN 15 1982

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CALIFORNIA WATER)	
SERVICE COMPANY, a corporation,)	Application 82-05-30
to issue its promissory note in)	(Filed May 11, 1982)
principal amount of \$900,000.)	

O P I N I O N

California Water Service Company (Cal Water), seeks authority to issue its promissory note in the principal amount of \$900,000.

This authority is sought under Public Utilities (PU) Code Section 818. Notice of the filing of the application was published in the Commission's Daily Calendar of May 13, 1982. No protests have been received.

Cal Water is a California corporation which operates as a regulated public utility principally engaged in the sale and distribution of water service in many localities in the State from Chico to the Palos Verdes Peninsula. For the year ended December 31, 1981, the utility generated operating revenues of \$68,267,878 and net income of \$9,245,839.

Cal Water's balance sheet as of December 31, 1981 is summarized from Exhibit A attached to the application as follows:

<u>Assets</u>	<u>Amount</u>
Net Utility Plant	\$194,998,387
Other Physical Property	209,483
Current Assets	8,047,574
Deferred Charges	965,076
	<hr/>
Total	\$204,220,520
 <u>Liabilities and Common Equity</u>	
Common Equity	\$ 65,223,407
Preferred Stock	6,602,350
First Mortgage Bonds	75,279,230
Current Liabilities	14,237,432
Advances for Construction	32,532,984
Contributions in Aid of Construction	10,004,924
Miscellaneous Reserves	340,193
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Total	\$204,220,520

Unreimbursed capital expenditures reported by Cal Water as of December 31, 1981, totaled \$96,314,867. Excluding projects to be financed by advances for construction and contributions in aid of construction, the utility estimates that gross construction outlays for 1982 will amount to \$9,122,000 of which 70% will be financed with internally generated funds.

Cal Water proposes to issue to City of Los Altos and City of Los Altos Community Facilities District No. 1 (collectively referred to as City) its 16% promissory note (Note) in the principal

amount of \$900,000 payable in 20 installments. Annual installments, including principal and interest, will be approximately \$152,700. The payment schedule is shown on Schedule 1 to the Note which was included as Exhibit B to the application. The Note will be unsecured and will be issued to City in consideration of the sale and conveyance to Cal Water of the water system properties acquired by City on October 7, 1981 from North Los Altos Water Company (other than the portion subsequently conveyed by City to the City of Mountain View). The conveyance by North Los Altos Water Company to City was made under the authority granted by the Commission in Decision 93595 dated October 6, 1981, Application 60687. Cal Water proposes to issue the Note on or about July 1, 1982.

Attached to the application as Exhibit C is a schedule, based on information furnished to Cal Water, setting forth the depreciated historical cost of the water system properties at the time of transfer from North Los Altos Water Company to City, including the properties subsequently sold to the City of Mountain View. Cal Water's capital ratios at December 31, 1981, after giving effect to the issuance (a) on May 6, 1982 of \$5,000,000 principal amount of Series Z, 16 1/4% First Mortgage Bonds and (b)

on July 1, 1982 of its 16% Note in the principal amount of \$900,000, are as follows:

<u>Capital</u>	<u>Recorded</u>	<u>Pro Forma</u>
Common Equity	44.3%	42.6%
Preferred Stock	4.5	4.3
Long-Term Debt	<u>51.2</u>	<u>53.1</u>
Total	100.0%	100.0%

The Commission's Revenue Requirements Division has no objection to the proposed security issue specified in the application. The Division reserves the right, however, to reconsider the reasonableness of any specific construction expenditure in future rate proceedings.

Findings of Fact

1. Cal Water, a California corporation, operates as a public water utility under the jurisdiction of this Commission.
2. The proposed issuance of its unsecured Note would be for proper purposes.
3. The terms and conditions of the Note as proposed are reasonable and not adverse to the public interest.
4. The money, property, or labor to be procured or paid for by the proposed Note is reasonably required for the purposes specified in the application. Proceeds from the security issue may not be charged to operating expenses or to income.

5. There is no known opposition to the application and no reasons to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.
2. The application should be granted to the extent set forth in the order which follows.
3. The authorization granted is for this proceeding only and is not to be construed as indicating amounts to be included in rate-setting proceedings.

The following order should be effective on the date of signature and payment of the fee set by PU Code Section 1904(b) to enable Cal Water to issue its Note expeditiously.

O R D E R

IT IS ORDERED that:

1. California Water Service Company (Cal Water), on or after the effective date of this order, and on or before December 31, 1982, may issue its unsecured 16% promissory note (Note) in the principal amount of \$900,000 to City of Los Altos and City of Los Altos Community Facilities District No. 1 in accordance with the terms and conditions described in the application.
2. Cal Water shall file a written report within 30 days of the issuance, with the Commission showing the terms and conditions of the Note.

3. The Note shall be issued in consideration of the sale and conveyance to Cal Water of the water system properties acquired by City on October 7, 1981 from North Los Altos Water Company (other than the portion subsequently conveyed by City to the City of Mountain View).

4. Cal Water shall file the reports required by General Order Series 24.

5. The authority granted by this order to issue debt securities will become effective when Cal Water pays \$1,800, the fee set by PU Code Section 1904(b).

Dated JUN 15 1982, at San Francisco, California.

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
LEONARD M. GRIMES, JR.
VICTOR CALVO
PRISCILLA C. GREW
Commissioners

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
FILED
05060
JUN 16 1982
A-1800-00
BY *[Signature]*

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.

[Signature]
Joseph E. Bodovitz, Executive Director