

ORIGINALDecision No. 87166

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN CALIFORNIA)
 WATER COMPANY to issue and sell)
 not exceeding \$5,000,000 aggregate)
 principal amount of its First Mortgage)
 Bonds, 8-1/2% Series due 2007, and to)
 execute and deliver a Supplemental)
 Indenture.)

Application No. 57137
 (Filed March 10, 1977)

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, 8-1/2% Series due 2007, 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 1976 its reported total operating revenues and net income amounted to \$23,362,565 and \$2,535,678, respectively.

The utility proposes to issue and sell \$2,000,000 and \$3,000,000 aggregate principal amount of its First Mortgage Bonds, 8-1/2% Series due 2007 to Lincoln National Life Insurance Company and Bankers Life Company of Des Moines, respectively, at a price equal to 100% of the principal amount thereof. 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 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 which will include a requirement

for annual sinking fund payments of \$150,000 beginning April 30, 1978. The bonds would mature on May 1, 2007, and would be subject to a restricted redemption provision prior to May 1, 1989.

The proceeds to be derived from the sale of the new bonds would be applied toward refunding applicant's outstanding 2-7/8% First Mortgage Bonds due May 1, 1977 in the principal amount of \$5,100,000.

After consideration the Commission finds that:

1. The proposed bond issue is for a proper purpose.
2. Applicant has need for external funds for the purpose set forth in this proceeding.
3. The proposed restricted redemption provision 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 purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.
6. There is no known opposition and there is no reason to delay granting the relief requested.

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.

ORDER

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 may issue and sell not exceeding \$5,000,000 aggregate principal amount of its First Mortgage Bonds, 8-1/2% Series due 2007, at the price and for the purpose set forth in the application.
3. Southern California Water Company shall file with the Commission the report required by General Order 24-B, which order, insofar as applicable, is hereby made a part of this order.
4. The effective date of this order is the date hereof.

Dated at Sacramento, California, this 5th day
of APRIL, 1977.

Robert Bakeman
President

William S. ...

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Richard D. ...
Commissioners