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APR 18 1978

ORIGINAL

Decision No. 88713 APR 18 1978

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 refunding notes aggregating \$3,400,000. Application No. 57914 (Filed March 3, 1978)

O-P-I-N-I-O-N

Southern California Water Company (SoCal Water) seeks authority from the Commission to issue unsecured promissory notes in the aggregate principal amount of \$3,400,000.

SoCal Water, a California corporation, is a public utility engaged in the sale and distribution of water in various areas in the Counties of Contra Costa, Imperial, Los Angeles, Orange, Sacramento, San Bernardino, and Ventura. The company also renders electric service in a portion of San Bernardino County. Gross operating revenues for the twelve months ended January 31, 1978 totalled \$27,110,038 and net income amounted to \$3,557,443.

Under arrangements entered into with Harris Trust and Savings Bank and with United California Bank, SoCal Water was provided with the opportunity to borrow up to \$1,500,000 from each bank in 1977 and \$2,500,000 from each institution in 1978. Accordingly, SoCal Water borrowed funds from time to time and, as evidence of such indebtedness, issued unsecured promissory notes in varying amounts bearing interest at the prime commercial rate of the lending bank in effect at date of issuance.

The proposed notes are to be used for the purpose of refunding the existing notes.

The Commission hereby orders that the proposed notes be authorized.

SoCal Water states that all of the proceeds obtained

from the bank loans were applied to capital expenditures.

A summary of the utility's capital budgets attached to the application as Exhibit C shows estimated outlays of \$4,285,000 in 1977 and \$3,500,000 in 1978.

As of January 31, 1978, notes in the aggregate principal amount of \$3,400,000 were outstanding, the first of which was dated March 28, 1977. The interest rates range from 6-1/4% on notes issued in March 1977 to 7-3/4% for a December 1977 issue.<sup>1/</sup> All of the notes mature on March 10, 1978.

In this application, SoCal Water proposes to repay the outstanding notes by issuing refunding notes under present arrangements with the two banks. The refunding notes would mature on March 9, 1979 and would be repaid on such date with proceeds to be derived from a contemplated sale of long-term securities.

Because issuance of the proposed new notes hinges on the outcome of this proceeding, the refunding of presently outstanding notes will necessarily occur after March 10, 1978 and, as a consequence, possibly six notes in an aggregate principal amount of \$1,300,000 will have been outstanding more than one year from their issue date. The order herein will authorize SoCal Water to extend the maturity dates of such notes.

After consideration the Commission finds that:

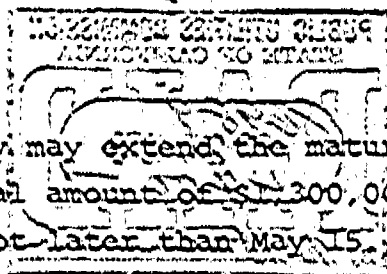
1. An extension of the maturity date on six presently outstanding notes to a date beyond one year from their dates of original issuance would not be adverse to the public interest.
2. The proposed new notes would be for a proper purpose.

<sup>1/</sup> The prime interest rate presently is 8%.

- 3. The money, property or labor to be procured or paid for by the notes 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.

There is no known opposition to the application and no reason to delay granting the authority 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.

O R D E R



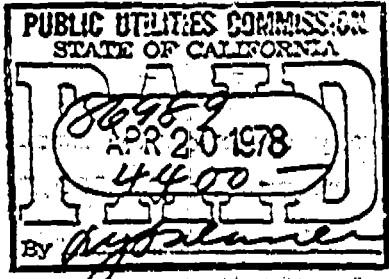
IT IS ORDERED that:

- 1. Southern California Water Company may extend the maturity date of six notes in the aggregate principal amount of \$1,300,000 to a date compatible with this order but not later than May 15, 1978. Such date may necessarily extend the maturity of said notes beyond one year from the dates of original issuance.
- 2. Southern California Water Company may issue unsecured promissory notes in the principal amount of not exceeding \$3,400,000 for the purpose specified 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.

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 \$4,400.

Dated at San Francisco, California, this 18<sup>th</sup> day of APRIL, 1978.

*Robert Batignich*  
President  
*William J. ...*  
*Thomas D. ...*



Commissioners  
Commissioner Richard D. Gravelle, being necessarily absent, did not participate in the disposition of this proceeding.  
Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.