

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN CALIFORNIA)
WATER COMPANY for authority to issue)
refunding notes aggregating \$5,500,000.)

Application No. 58683
(Filed February 16, 1979)

O P I N I O N

Southern California Water Company (So Cal Water) requests authority from the Commission to issue unsecured promissory notes in the aggregate principal amount of \$5,500,000.

So Cal Water requests this authority pursuant to Sections 816 through 818 of the Public Utilities Code. Notice of the filing of the application appeared on the Commission's Daily Calendar of February 21, 1979.

So Cal Water, a California corporation, is a public utility engaged in the sale and distribution of water in various areas in eleven counties of California. The company also renders electric service in the vicinity of Big Bear Lake in San Bernardino County. Gross operating revenues for the year 1978 totaled \$29,553,380 and net income amounted to \$3,284,712.

Under arrangements entered into with Harris Trust and Savings Bank and with United California Bank, So Cal Water was provided with the opportunity to borrow up to \$2,500,000 from each bank in 1978 and \$1,250,000 from each bank in 1979. Accordingly, So Cal 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 the date of issuance. The company was authorized to issue promissory notes and notes refunding said notes in the aggregate principal amount of \$3,400,000 by Decision No. 88713, dated April 18, 1978 in Application No. 57914.

So Cal 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

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application as Exhibit B shows estimated outlays of \$4,950,000 in 1979.

As of December 31, 1978, notes in the aggregate principal amount of \$5,500,000 were outstanding. The interest rates range from 8% on a note issued in March 1978 to 11-1/2% for a December 1978 issue.^{1/} All notes mature on March 9, 1979.

In this application, So Cal 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, 1980 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 9, 1979 and, as a consequence, possibly six notes in an aggregate principal amount of \$2,300,000 will have been outstanding more than one year from their issue date. The order herein will authorize So Cal Water to extend the maturity dates of such notes.

The Operations Division has reviewed the application and concurs with the Finance Division's conclusion that the proposed financing is necessary to implement the company's construction program and to refund maturing promissory 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.

^{1/}The prime interest rate presently ranges from 11-1/2 to 11-3/4%.

- 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.

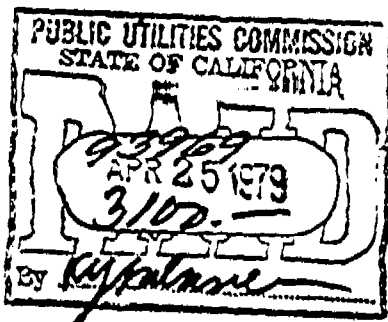
There is no known opposition to the application and no reason to delay granting the authority requested. On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary. The authorization herein granted is for the purpose of this proceeding 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 \$2,300,000 to a date compatible with this order but not later than May 25, 1979. 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 \$5,500,000 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 \$3,100.

Dated at San Francisco, California, this 24th day of APRIL, 1979.



John E. Burns
President
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Commissioners