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Decision No. 90503

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Water)
Company for an Order (i) Authorizing the)
Issuance of Evidence of Indebtedness for)
the Acquisition of Property and (ii))
Authorizing the Encumbrance of Property)
to be Acquired.)

Application No. 58710
(Filed February 28, 1979)

O P I N I O N

Southern California Water Company (SoCal Water) seeks authority to issue evidence of indebtedness in the amount of \$442,977 for the acquisition of a computer and to encumber the property thus acquired.

Authority is sought pursuant to Sections 816-818 of the Public Utilities Code. Notice of the filing of the application appeared on the Commission's Daily Calendar of March 2, 1979.

SoCal Water, a California corporation, is a public utility engaged in the sale and distribution of water in various areas in eleven counties of California. It also renders electric service in the vicinity of Big Bear Lake in San Bernardino County. For the year 1978, it reported total operating revenues and net income of \$29,553,380 and \$3,284,712, respectively. As summarized from Exhibit A, attached to the application, the utility's reported financial condition at December 31, 1978, is as follows:

<u>Assets</u>	<u>Amount</u>
Utility plant, less accumulated depreciation	\$100,620,749
Investments	619,871
Current assets	5,459,414
Deferred charges	621,967
Total	<u>\$107,322,001</u>

<u>Liabilities and Capital</u>	<u>Amount</u>
Common stock	\$ 6,996,560
Capital surplus	2,745,070
Earned surplus	13,539,917
Preferred stock	8,920,000
Long-term debt	34,288,848
Bank loans (less than one year)	5,500,000
Current liabilities	7,317,602
Advances for construction	20,939,492
Contributions in aid of construction	7,074,512
Total	<u>\$107,322,001</u>

SoCal proposes to purchase a Honeywell No. 64/40 computer and appurtenances. The utility proposes to execute and deliver an Installment Sale and Security Agreement to Honeywell Information Systems, Inc. for the acquisition of the computer and related equipment. The agreement provides for 84 monthly payments of \$6,662, including principal and interest at the rate of 8-3/4 percent per year. In addition the agreement provides that the equipment will act as security for the payment of the obligation. A form of the agreement is attached to the application as Exhibit B.

SoCal, by letter dated April 27, 1979, informed the Commission's staff that the company considered alternative methods of financing the acquisition of the computer and equipment. The utility concluded that the installment purchase alternative proposed in this proceeding would result in the lowest cost to the company.

The Operations Division has reviewed the application and agrees with the Finance Division that the authorization requested is reasonable and should be granted.

Findings of Fact

1. Southern California Water Company is a California corporation operating as a public utility under the jurisdiction of this Commission.
2. The proposed Installment Sale and Security Agreement would not be adverse to the public interest.
3. The proposed note and encumbrance would be for a proper purpose.
4. There is no known opposition to the application and no reason to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.
2. The money, property or labor to be procured or paid for by the note 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.
3. On the basis of the foregoing findings, we conclude that the application should be granted.

The action taken herein 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, for the purpose set forth in the application, may execute and deliver an installment sale and security agreement, and may issue an evidence of indebtedness in a principal amount not exceeding \$442,997, which documents shall be in substantially the same form as those attached to the application.

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2. Southern California Water Company shall file with the Commission the report or reports required by General Order 24-B, which order, insofar as applicable, is hereby made a part of this order.

3. 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 \$886.

Dated at San Francisco, California, this 3rd day of JULY, 1979.

John E. Burns
President
James S. Thompson
Richard D. Howell
Charles T. Smith
Arnold W. Smith
Commissioners

