IRA

Decision No. _1964_~_~__

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
      SAN JOSE WATER WORKS,   )
)
a corporation, for an order author-)
izing applicant to issue and sell)
$500,000.00 in principal amount of)
its first mortgage five percent   )   Application No. 14559.
gold bonds, to be dated January 1,)
1928, and to mature January 1,   )
1953.   )

R. C. Leib and McCutchen, Olney, Mannon & Greene,
      by J. D. Adams, for applicant.

BY THE COMMISSION:

O P I N I O N

In this application San Jose Water Works, a corporation, asks permission to issue and sell $500,000.00 of first mortgage five percent bonds, dated January 1, 1928 and due January 1, 1953, for the purpose of paying outstanding notes and of reimbursing its treasury for moneys expended for additions, betterments and extensions.

The company reports, as of February 29, 1928, outstanding common capital stock of $3,000,000.00, first mortgage five percent bonds due July 1, 1951 of $500,000.00 and short term six percent notes of $400,000.00. The bonds now outstanding were issued under authority granted by Decision No. 16954, dated June 17, 1926, for the purpose of paying short term notes then outstanding

1.

which had been issued to finance the cost of extensions, additions and betterments made prior to December 31, 1925. The notes now outstanding were issued to meet construction expenditures since that date.

It is alleged, in the present proceeding, that between January 1, 1926 and January 1, 1928, applicant has expended for the acquisition of property and the construction, completion, extension and improvement of its facilities the sum of $697,962.46, as shown in detail in Exhibit No. 1, of which $400,000.00 was provided through the issue of the short term notes now outstanding and the balance from income or other moneys in its treasury not secured by or obtained from the issue of stock, bonds or notes or other evidences of indebtedness. In now selling the additional $500,000.00 of bonds the company reports that it has made arrangements to dispose of them for 100.715 percent of their face value and accrued interest and that it proposes to use $400,000.00 to pay the outstanding notes and the remainder to reimburse its treasury. The moneys used to reimburse the treasury will thereafter be expended to pay the cost of new construction.
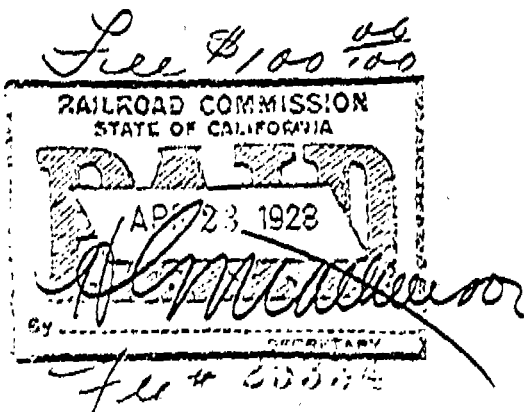
O R D E R

San Jose Water Works having applied to the Railroad Commission for permission to issue and sell $500,000.00 of bonds, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue is reasonably required for the purposes specified herein, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expense or to income,

2.

IT IS HEREBY ORDERED that San Jose Water Works be, and it hereby is, authorized to issue and sell, at not less than 100.715 percent of their face value and accrued interest, $500,000.00 of its first mortgage five percent gold bonds, due January 1, 1953, and to use not exceeding $400,000.00 of the proceeds to pay the $400,000.00 short term notes now outstanding, and to use the remaining proceeds, to reimburse its treasury, provided that any moneys used to reimburse applicant's treasury shall thereafter be used to pay the cost of new construction.

The authority herein granted is subject to the following conditions:-

1. Applicant shall keep such record of the issue and sale of the bonds herein authorized and of the disposition of the proceeds as will enable it to file, on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.

2. The authority herein granted shall become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is One Hundred ($100.00) Dollars.

DATED at San Francisco, California, this _____20_____ day of April, 1928.

Commissioners.

3.