

Decision No. 39720

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
CORONA CITY WATER COMPANY, a corpo-	:	Application
ration, for a permit authorizing the)	No. 28058
issuance and sale of its First	:	
Mortgage Bonds.)	

O P I N I O N

Corona City Water Company asks permission to issue and sell, at not less than their face amount and accrued interest, \$40,000 of 4% first mortgage bonds, due September 15, 1958, and use the proceeds to reimburse its treasury because of income expended for the acquisition of properties.

Corona City Water Company was organized under the laws of California on September 27, 1897. It is engaged in the business of furnishing and supplying domestic water to the inhabitants of the City of Corona. For 1945, it reports operating revenues of \$69,146.78 and net operating revenue, that is, the amount available for interest, dividends and surplus, of \$20,585.16. For the ten months ending October 31, 1946, its financial statement shows operating revenues of \$70,876.07 and net operating revenue of \$27,492.54. As of October 31, 1946, applicant reports assets and liabilities as follows:

Assets

Fixed capital		\$482,426.88
Mains	\$222,857.61	
Services	22,300.81	
Meters	34,889.14	
Hydrants	4,340.57	
Reservoirs	9,523.40	
Misc. Equipment	6,015.35	
Water Rights, 1300 shares Temescal Water Company Capital Stock	182,500.00	
Cash		6,166.52
Accounts receivable		7,593.80
Materials and supplies		5,674.06
Unamortized bond discount and expense		<u>6,355.46</u>
Total assets		<u>\$508,216.72</u>

Liabilities

Capital stock		\$ 75,000.00
First mortgage 4% bonds		148,000.00
Notes payable		15,000.00
Amount due Temescal Water Company		41,108.01
Consumers' service deposits		1,340.64
Advances for construction		245.54
Accrued interest		739.78
Accrued taxes		656.84
Donations in aid of construction		17,389.90
Reserve for accrued depreciation		162,152.30
Reserve for income taxes		657.48
Surplus		<u>45,926.23</u>
Total liabilities		<u>\$508,216.72</u>

All of applicant's outstanding stock, consisting of 750 shares of the par value of \$100 per share, is held by trustees for the benefit of Temescal Water Company, a mutual water company supplying water for irrigation and other purposes in, and in the vicinity of Corona. Applicant obtains its water supply from Temescal Water Company through the ownership of Temescal Water Company stock.

Applicant has an authorized first mortgage 4% bond issue of \$200,000. Under the authority granted by Decision No. 31236, dated September 6, 1938, applicant issued and sold, at

95½% of their face value and accrued interest, \$160,000 of said bonds. It has since paid \$12,000 of the bonds, leaving \$148,000 outstanding. All of the bonds are now redeemable at the option of the company on any interest payment date, upon giving thirty days' notice, at 102% of their face value and accrued interest. If only a part of the bonds are redeemed, applicant must, up to March 15, 1947, pay the face value of the bonds, the accrued interest and a premium of 2½%. On and after March 15, 1947, the premium is 2%.

Applicant's petition shows that since September 15, 1938, it expended for the acquisition of properties \$58,222.99. It has recently issued short term notes in the amount of \$15,000. It is indebted to Temescal Water Company in the amount of \$41,108.01. As said, applicant asks permission to issue and sell \$40,000 of its first mortgage 4% bonds. It intends to sell the bonds direct to investors residing in the vicinity in which it operates. The order herein will authorize applicant to issue and sell the bonds for not less than 102% of their face value and accrued interest. The proceeds should be used by applicant to pay outstanding indebtedness.

ORDER

The Commission has considered applicant's request and is of the opinion that this is not a matter on which a hearing is necessary, that the money, property or labor to be procured or paid for by applicant through the issue of said \$40,000 of bonds is reasonably required by applicant for the purpose herein stated and that such purpose is not, in whole or in part, reasonably

chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. Corona City Water Company may, after the effective date hereof and on or before March 31, 1947, issue and sell, at not less than 102% of their face amount and accrued interest, not exceeding \$40,000 of its first mortgage 4% bonds, due September 15, 1958. It shall use the proceeds to reimburse its treasury because of income expended for the acquisition of properties, and after such reimbursement apply said proceeds to the payment of indebtedness.

2. The authority herein granted will become effective when Corona City Water Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Forty (\$40.00) Dollars.

3. Corona City Water Company shall file a report, or reports, as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

Dated at San Francisco, California, this 16th day of December, 1946.

Harold P. Kula
James F. Cooney
Francis J. O'Connell
W. H. Kull
R. J. [unclear]
Commissioners

PUBLIC UTILITIES COMMISSION

