

Decision No. 52078**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of TUSTIN WATER WORKS, )  
 a corporation, for permit to issue :  
 shares. ) Application  
 ----- : No. 37338

O P I N I O N

This is an application for an order authorizing Tustin Water Works, a corporation, to issue and sell, at par for cash, 1,552 shares of its 5-1/2% preferred capital stock, of the par value of \$100 each and of the aggregate par value of \$155,200, for the purpose of paying indebtedness and of financing the cost of property.

Applicant is a California corporation organized on September 7, 1954. It has an authorized capital stock of 16,000 shares, divided into 3,000 shares of 5-1/2% preferred stock of the par value of \$100 each, 3,000 shares of 3% preferred stock of the par value of \$100 each, and 10,000 shares of common stock without par value. Under the authority of Decision No. 51280, dated April 5, 1955, as amended by Decision No. 51334, dated April 19, 1955, in Application No. 36768, applicant issued all of its presently outstanding stock, consisting of 1,448 shares of 5-1/2% preferred stock and 1,000 shares of common stock, and acquired its water system from Margaret R. Utt and First Western Bank and Trust Company.

Recently, the Commission reviewed applicant's properties and operations and in Decision No. 51409, dated May 3, 1955, in Application No. 35711, authorized increases in rates designed to produce net operating revenues of \$23,400, an amount equivalent to a return of 7.7% on a depreciated rate base of \$305,000 for the esti-

mated average year 1955. Application No. 35711 shows that approximately \$150,000 will be spent in the immediate future to enlarge water system facilities which have become inadequate.

Applicant proposes to issue and sell 1,552 shares of its 5-1/2% preferred stock at par, for cash, without payment of commission, for the purpose of (a) paying outstanding indebtedness represented by a one-year promissory note in the principal amount of \$16,000, bearing interest at the rate of 6% per annum, in favor of Walter R. Rawlings, and (b) financing the cost of adequate facilities necessary to keep pace with the rapid growth of the area served by it, estimated as follows:

4 Wells	\$35,000
4 Pumps, equipment, buildings, land	25,000
Office and storage building, 1,600 sq. ft.	12,000
1,000 5/8 x 3/4 meters, 100 1" meters	29,000
Pipe - 4" - 1,600 feet	2,400
Pipe - 6" - 8,000 feet	14,000
Pipe - 8" - 8,000 feet	16,800
Pipe - 18"- 1,000 feet	<u>5,000</u>
Total	<u>\$139,200</u>

Upon retiring the \$16,000 note applicant will have no outstanding interest-bearing indebtedness. The dividends on its existing shares and the additional shares of 5-1/2% preferred stock covered by this application, will amount to \$16,500 a year, as compared with the estimated net operating revenues of \$23,400.

From a review of the present verified application, and the proceeding in Application No. 35711, we are of the opinion that applicant's request should be granted, that the money, property or labor to be procured or paid for by the issue of the shares of stock herein authorized is reasonably required by applicant for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

O R D E R

The Commission having considered the above-entitled matter, and being of the opinion that a public hearing is not necessary and that the application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED as follows:

1. Tustin Water Works, a corporation, on and after the effective date hereof and on or before June 30, 1956, may issue and sell, at par for cash, not exceeding 1,552 shares of its 5-1/2% preferred stock of the aggregate par value of \$155,200, and use the proceeds for the purposes set forth in this application.

2. Tustin Water Works shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. The authority herein granted will become effective twenty days after the date hereof.

Dated at San Francisco, California, this 18<sup>th</sup> day of October, 1955.

*E. P. ...*  
President

*Justice F. ...*

*Robert ...*

*William ...*

*B. ...*  
Commissioners