

ORIGINAL

Decision No. 57287

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

SAN JOSE WATER WORKS,
a corporation,

Application No. 40440

for an order authorizing it to issue
an additional amount of its bonds.

OPINION AND ORDER

This is an application for an order of the Commission authorizing San Jose Water Works (1) to execute a supplemental indenture defining the terms of a new series of First Mortgage 4-1/2% Bonds, Series G, and (2) to sell \$1,000,000 of said bonds by negotiated arrangements at not less than the principal amount plus accrued interest.

Applicant is undertaking the financing in order to reimburse its treasury for moneys expended from income prior to July 31, 1958, for capital purposes. It reports that on July 31, 1958, its unfinanced capital expenditures amounted to \$1,405,132, as shown in some detail in Exhibit A. In addition, it estimates that it will be required to expend \$898,074 to complete construction jobs in progress.

Information filed with the Commission shows that the company has been engaged in conducting an extensive construction program and that its investment in its plant and its volume of business have been increasing rapidly from year to year. At the

end of the years 1955, 1956 and 1957, it has reported active service connections of 65,009, 70,151 and 74,346, respectively. As of July 31, 1958, it reports an investment in utility plant less related reserves of \$24,916,559. Applicant's capital ratios as of July 31, 1958, and as adjusted to give effect to the proposed financing, are as follows:

	<u>July 31, 1958</u>	<u>Pro Forma</u>
Bonds	49%	51%
Preferred stock	9	9
Common stock equity	<u>42</u>	<u>40</u>
Total	<u>100%</u>	<u>100%</u>

From a review of the application, it is clear that the company will have need for funds from the sale of bonds to reimburse its treasury and thereby provide cash for future capital additions.

The Commission has considered this matter and is of the opinion that a public hearing is not necessary, that the application should be granted, that the money, property or labor to be procured or paid for by the issue of the bonds herein authorized is reasonably required by applicant for the purposes specified herein, and that such purposes, except as otherwise authorized, are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. San Jose Water Works may execute a supplemental mortgage of chattels and trust indenture dated as of November 1, 1958, in, or substantially in, the same form as that filed in this proceeding as Exhibit D.
2. San Jose Water Works may issue and sell not to exceed \$1,000,000 of its First Mortgage 4-1/2% Bonds, Series G, on or before December 31, 1958, at not less than the principal amount plus accrued interest.
3. San Jose Water Works shall use the proceeds from the sale of its bonds, other than accrued interest, for the purposes of defraying the expenses of the issuance and sale of said bonds and of reimbursing its treasury. The accrued interest may be used for such purposes or for general corporate purposes.
4. The authorization herein granted is for the issue and sale of bonds and is not to be construed as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.
5. San Jose Water Works shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

6. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$1,000.

Dated at San Francisco, California, this 15th day of October, 1958.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners

