

ORIGINAL

Decision No. 76581

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

APPLICATION OF TUSTIN WATER WORKS,)
a California Corporation, FOR)
PERMIT TO ISSUE AND SELL BONDS)
_____)

Application No. 51513
Filed November 28, 1969

O P I N I O N

Tustin Water Works requests an order of the Commission authorizing it to issue and sell not exceeding \$900,000 aggregate principal amount of its bonds.

Applicant is a California corporation engaged in the public utility water business serving a portion of Orange County. The utility's reported financial position at June 30, 1969, summarized from Exhibit A attached to the application, is as follows:

Assets

Net utility plant	\$3,462,824
Other physical property	18,100
Current assets	111,475
Deferred charges	<u>2,121</u>
Total	<u>\$3,594,520</u>

Liabilities

Preferred stock	\$ 300,000
Common stock	93,000
Surplus	565,649
Long-term debt	853,841
Current liabilities	219,490
Advances for construction	1,431,233
Contributions in aid of construction	129,929
Other deferred credits	<u>1,378</u>
Total	<u>\$3,594,520</u>

The company's growth during recent years is indicated by data obtained from annual reports filed with the Commission, as follows:

<u>Year</u>	<u>Operating Revenues</u>	<u>Net Income</u>	<u>Net Plant December 31</u>	<u>Metered Active Service Connections</u>
1964	\$494,882	\$66,939	\$2,547,867	9,467
1965	517,415	57,912	2,752,579	9,761
1966	575,163	44,573	2,870,662	10,196
1967	632,220	61,426	2,985,326	10,344
1968	736,768	81,475	3,320,169	11,527

Primarily for keeping pace with the growth of its service area, applicant proposes to expend \$650,000 which it estimates will be segregated as follows:

Land - Reservoir site	\$ 39,000
Reservoir and appurtenances	394,000
Refunds due on contracts, April 1970	100,000
Interconnecting main lines	60,000
Meters	18,000
Water treatment equipment	9,000
Note at First Western Bank*	<u>30,000</u>
Total	<u>\$650,000</u>

*Issued for obtaining funds used for payment of refunds due on contracts, April 1969.

The utility proposes to finance the foregoing expenditures with \$650,000 of the proceeds to be derived from issuing and selling \$900,000 of its bonds. The remaining proceeds would be used for repaying the indebtedness represented by \$250,000 of the company's bonds maturing June 30, 1970.

The new bonds will bear interest at the rate of 8% per annum, payable quarterly, will mature 15 years after date of issue, and will be registered and unsecured. The company will have the right at any interest payment date to call, pay, and retire any of the new bonds.

Applicant has demonstrated over a period of years that financing through the sale of bonds has been successful without impairing its ability to meet its financial requirements and to provide adequate service to the public at just and reasonable rates.

After consideration the Commission finds that:

1. The proposed bond issue is for proper purposes.
2. Applicant has need for funds from external sources for the purposes set forth in the application.
3. The money, property or labor to be procured or paid for by the issue of the bonds herein authorized is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary. The authorization herein granted 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

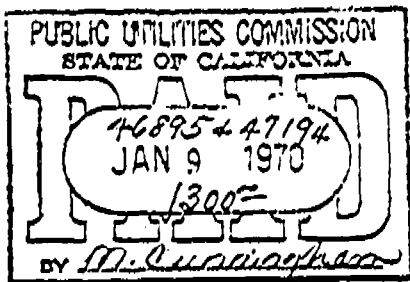
IT IS ORDERED that:

1. Tustin Water Works, on or after the effective date hereof and on or before December 31, 1970, may issue and sell not exceeding \$900,000 aggregate principal amount of its bonds under the terms and for the purposes specified in this proceeding. The bonds shall be in the same form, or in substantially the same form, as Exhibit C attached to the application.

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

3. This order shall become effective when Tustin Water Works has paid the fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$1,300.

Dated at San Francisco, California, this 23rd day of DECEMBER, 1969.



William S. Young, Jr.
President
Suzanne
William J.
Thomas
Vernon L. Sturgeon
Commissioners