

Decision No. 80263**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
 of ROSSMOOR WATER COMPANY, for)
 Authority to Issue 1000 Shares)
 of its Common Stock.)

Application No. 53349
 (Filed May 24, 1972)

O P I N I O N

Rossmoor Water Company seeks authority to issue 1,000 shares of its \$100 par value common stock to Rossmoor Corporation for \$100,000 cash.

Applicant is a California corporation providing public utility water service in a portion of Orange County. Its reported balance sheet at December 31, 1971 is summarized as follows:

Assets

Current assets	\$ 237,674
Net utility plant	4,478,070
Other assets	<u>87,059</u>
Total	<u>\$4,802,803</u>

Liabilities

Current and accrued liabilities	\$ 501,230
Common stock equity	985,208
Long-term debt	1,150,500
Advances for construction	1,670,820
Contributions in aid of construction	341,739
Other liabilities	<u>153,306</u>
Total	<u>\$4,802,803</u>

The company proposes to issue 1,000 shares of its \$100 par value common stock to Rossmoor Corporation for \$100,000 cash for the purpose of obtaining funds to repay three special facility contracts totalling \$67,988.48, and paying accrued balances due of \$32,011.52 on main extension contracts.

The Commission's Utilities Division and Finance and Accounts Division made separate investigations of the matter. Both divisions recommend that the application be granted.

As can be seen from the foregoing balance sheet, the utility's advances for construction exceed the limitation of 40% of total capital, as provided by Section A.2.a. of the Commission's Uniform Water Main Extension Rule. Applicant and its affiliates should give serious consideration to the reduction of advances for construction through acquisition of main extension contracts of applicant held by such affiliates. These contracts could either be terminated or held as assets of the utility with refunds being credited to capital surplus.

After consideration the Commission finds that:

(1) the proposed stock issue is for proper purposes; (2) the money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purposes specified herein; and (3) such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

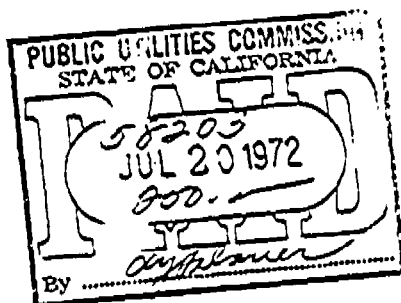
On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary. The authorization herein granted is for the purpose of this proceeding only, and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Rossmoor Water Company, on or after the effective date hereof and on or before December 31, 1972, for the purposes specified in the application, may issue and sell, at par for cash, not exceeding 1,000 shares of its \$100 par value common stock.
2. Rossmoor Water Company 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 Rossmoor Water Company has paid the fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$200.

Dated at Los Angeles, California, this
18th day of JULY, 1972.



Vernon L. Stinson President
William J. Sproull
J. W. Martin
John M. ...
... Commissioners