

Decision No. 82899

ORIGINAL

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. 54832
 (Filed April 29, 1974)

O P I N I O N

Tustin Water Works seeks authority to issue and sell not exceeding \$300,000 aggregate principal amount of its bonds.

Applicant is a California corporation engaged in the public utility water business serving a portion of Orange County. For the year 1973 it reports operating revenues and net income in the respective amounts of \$1,123,801 and \$70,744. The utility's total capital at December 31, 1973, exclusive of \$1,252,383 of Advances for Construction and \$217,769 of Contributions in Aid of Construction, as reported in Exhibit A attached to the application, is as follows:

Long-term debt	\$1,500,000
Preferred stock	300,000
Common stock equity	<u>1,003,898</u>
Total	<u>\$2,303,898</u>

In order to provide \$120,000 for refunds due on main extension contracts, \$140,000 for water main replacements, \$20,000 for an office building addition and \$20,000 for other capital expenditures, the company proposes to issue and sell \$300,000 aggregate principal amount of its bonds to bona fide residents of the State of California for investment purposes. The bonds would bear interest at the rate of 8% per annum, payable quarterly,

would mature 15 years after date of issue, and would be registered and unsecured. The company would have the right at any interest payment date to call, pay, and retire any of the 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 bonds would be for proper purposes.
2. Applicant has need for external funds for the purposes set forth in this proceeding.
3. The money, property or labor to be procured or paid for by 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

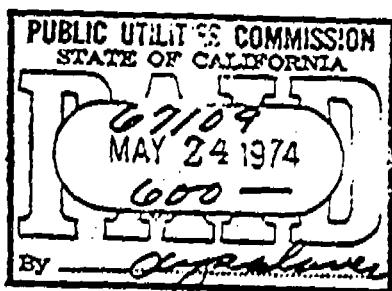
IT IS ORDERED that:

1. Tustin Water Works, on or after the effective date hereof and on or before April 30, 1975, may issue and sell not exceeding \$300,000 aggregate principal amount of its bonds under the terms and for the purposes specified in this proceeding. The bonds shall be in substantially the same form as Exhibit C attached to the application.

2. Tustin Water Works shall file with the Commission the reports 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 \$600.

Dated at San Francisco, California, this 21st day of May, 1974.



Vernon L. Stearns
President
William J. Synnott Jr.
[Signature]
Commissioners

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner D. W. Holmes, being necessarily absent, did not participate in the disposition of this proceeding.