

Decision No. 84906**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
)
 SAN JOSE WATER WORKS,)
 a corporation,)
)
 for an order (a) authorizing it to)
 issue \$4,000,000 principal amount)
 of its First Mortgage 9-3/4% Bonds,)
 Series T, and (b) authorizing it to)
 execute and deliver a Supplemental)
 Mortgage of Chattels and Trust)
 Indenture.)

Application No. 55874
 (Filed August 20, 1975)

O P I N I O N

San Jose Water Works seeks authority to issue and sell \$4,000,000 aggregate principal amount of its First Mortgage 9-3/4% Bonds, Series T, and to execute and deliver a Twenty-Fourth Supplemental Indenture.

Applicant is a California corporation engaged in the business of supplying water to domestic and industrial consumers in Santa Clara County. For the twelve months ended June 30, 1975, its reported total operating revenues and net income amounted to \$21,730,694 and \$3,140,464, respectively. Its reported capitalization ratios at June 30, 1975, as set forth in the application, are as follows:

	June 30, <u>1975</u>
First mortgage bonds	52.8%
Preferred stock	6.4
Common stock equity	<u>40.8</u>
Total	<u>100.0%</u>

The company has tentative commitments from three life insurance companies for the purchase of the bonds at 100% of their principal amount plus accrued interest. The gross proceeds, exclusive of accrued interest, would be applied to defray expenses (estimated at \$40,000) of the issuance and sale of said bonds, and to refund an estimated \$3,960,000 of its outstanding \$4,741,000 of Series B Bonds due November 1, 1975. The balance of the outstanding Series B bonds would be refunded out of internally generated funds.

The proposed bonds would be secured by an existing Mortgage of Chattels and Trust Indenture as heretofore supplemented and as further supplemented by a proposed Twenty-Fourth Supplemental Indenture. The bonds would be dated May 1, 1975, would mature May 1, 2000, and would be subject to a ten-year restricted redemption provision.

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 the application.
3. The proposed restricted redemption provision is reasonable.
4. The proposed Twenty-Fourth Supplemental Indenture would not be adverse to the public interest.
5. 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, except as otherwise authorized for accrued interest, 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.

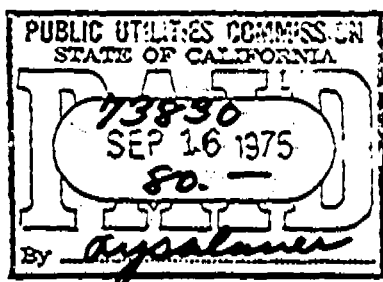
O R D E R

IT IS ORDERED that:

1. San Jose Water Works may execute and deliver a Supplemental Mortgage of Chattels and Trust Indenture (Twenty-Fourth Supplemental Indenture) in substantially the same form as Exhibit C, attached to the application.
2. San Jose Water Works, on or after the effective date hereof and on or before December 31, 1975, may issue and sell at private sales, not exceeding \$4,000,000 aggregate principal amount of its First Mortgage 9-3/4% Bonds, Series T, at a price of not less than the principal amount thereof.
3. San Jose Water Works shall use the proceeds from the issuance and sale of said bonds, exclusive of accrued interest, for the purposes set forth in the application. The accrued interest may be used for such purposes or for general corporate purposes.
4. San Jose 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.

5. This order shall become effective when San Jose Water Works has paid the fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$80.

Dated at San Francisco, California, this 16th day of September, 1975.



[Signature] President
William J. [Signature]
Vernon L. [Signature]
Leonard [Signature]
[Signature] Commissioners