

LSC

Decision No. 86105

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of ROSSMOOR WATER COMPANY)
to issue its First Mortgage Series B)
10% Bonds in the aggregate amount of)
\$1,500,000 and to execute a Purchase)
Agreement and Supplemental Trust)
Indenture.)

Application No. 56551
(Filed June 11, 1976)

O P I N I O N

Rossmoor Water Company seeks authority to issue \$1,500,000 aggregate principal amount of its First Mortgage Series B 10% Bonds of 1991, and to execute an Eleventh Supplemental Trust Indenture and a Purchase Agreement.

Applicant is a California corporation providing public utility water service in a portion of Orange County. For the year 1975 it reported operating revenues and net income in the respective amounts of \$1,374,519 and \$91,008. Its reported capitalization ratios at April 30, 1976, and as adjusted to give effect to the proposed \$1,500,000 bond issue, as obtained from Exhibit F attached to the application, are as follows:

	<u>April 30,</u> <u>1976</u>	<u>Pro</u> <u>forma</u>
Long-term debt	34.64%	55.94%
Common equity	<u>65.36</u>	<u>44.06</u>
Total	<u>100.00%</u>	<u>100.00%</u>

The utility proposes to issue and sell \$1,500,000 aggregate principal amount of its First Mortgage Series B 10% Bonds of 1991 to Pacific Mutual Life Insurance Company at a price equal to 100% of the principal amount thereof plus accrued

interest. The bonds would be secured by an existing Indenture as heretofore supplemented and as further supplemented by a proposed Eleventh Supplemental Indenture. They would be subject to a ten-year restricted redemption provision.

The net proceeds (excluding accrued interest to be used for general corporate purposes) to be derived from the sale of the new bonds would be used to pay for, or to reimburse applicant's treasury for, the acquisition and cost of construction of three additional reservoirs and a new home office building. More specifically, Exhibit E attached to the application sets forth the use of proceeds, as follows:

Purchase of Land:

1.45 acres	\$ 63,000	
2.561 acres	102,500	
1.5 acres	60,000	
Total Land		\$ 225,500

Construction of Facilities

R-3 Reservoir (3 mg) and booster station	\$425,000	
R-4 Reservoir (2 mg) and booster station	405,000	
Reservoir - 2 mg	315,000	
Office Building	240,000	
Total Facilities		1,385,000

Expenses of Issue

Special Bond Counsel	\$ 3,000	
Estimated Misc. Closing Expense	250	

Total Expense		<u>3,250</u>
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Total*		<u><u>\$1,613,750</u></u>
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* The \$113,750 excess costs will be paid from operating revenues of Applicant.

After consideration the Commission finds that:

1. The proposed bond issue is for proper purposes.
2. Applicant has need for external funds for the purposes set forth in this proceeding.
3. The proposed restricted redemption is reasonable.
4. The proposed Eleventh 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.
6. There is no known opposition and there is no reason to delay granting the relief requested.

On the basis of the foregoing findings we conclude that the application should be granted, and the effective date of the order should be the date on which applicant pays the prescribed fee. 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:

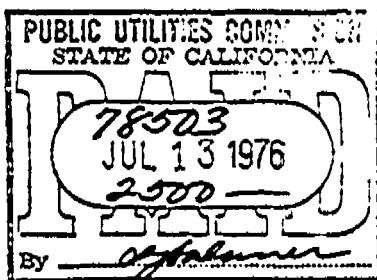
1. Rossmoor Water Company may execute an Eleventh Supplemental Trust Indenture and a Purchase Agreement, which documents shall be in substantially the same forms as Exhibits C and D attached to the application.
2. Rossmoor Water Company may issue and sell not exceeding \$1,500,000 aggregate principal amount of its First Mortgage Series B 10% Bonds of 1991.

3. Rossmoor Water Company shall use the proceeds from the issuance and sale of said bonds for the purposes set forth in the application.

4. 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.

5. This order shall become effective when Rossmoor Water Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$2,500.

Dated at San Francisco, California, this 13th
day of JULY, 1976.



[Signature] President
William Synovis
Vernon L. Sturgeon
Thomas Ross
Robert Bateman Commissioners