

Decision No. 21250.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CALIFORNIA WATER SERVICE COMPANY,)
a corporation, for an order author-)
izing applicant to issue and sell)
bonds, preferred stock and common)
stock.)

Application No. 15656

McCutchen, Olney, Mannon & Greene,
by James D. Adams, for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding the Railroad Commission has been asked to make its order authorizing California Water Service Company to issue and sell \$510,000.00 of first mortgage five percent bonds, Series "A", due 1958; \$170,000.00 of six percent cumulative preferred stock; and \$170,000.00 of common stock, for the purpose of financing, in part, the cost of additions to and betterments of its plants and properties.

California Water Service Company is a corporation organized under the laws of the State of California on or about December 21, 1926. The company has an authorized capital stock of \$12,000,000.00, divided equally into common and six percent preferred stock, and an authorized bonded indebtedness of \$25,000,000.00, issuable in series. Heretofore,

under authority granted by the Commission, the company acquired water plants and properties located in and about Redding, Chico, Oroville, Willows, Dixon, Petaluma, Concord, Bay Point, Livermore, Stockton, Fresno, Bakersfield, Visalia, Hanford, Hermosa Beach, Redondo Beach and Belvedere, and in part payment for such plants and properties and for additions and betterments thereto, issued \$6,972,000.00 of five percent bonds, Series "A", due April 1, 1958, \$2,375,800.00 of six percent preferred stock and \$2,375,900.00 of common stock.

In now making this request to issue additional bonds and stock, the company reports that from August 31, 1927 to April 30, 1929 it expended for additions and betterments the net sum of \$753,396.83, and that its work in progress on the latter date, in addition to said sum, aggregated \$548,432.76; making a total of \$1,301,829.59. Of this amount, however, it appears that \$868,900.00 has been provided by stock and bonds issued and sold under previous orders of the Commission and \$25,688.50 by contributions for extensions, leaving balance of construction expenditures as of April 30, 1929, not paid or provided, of \$407,241.09.

In addition to these expenditures heretofore made, the company reports unexpended balances of work in progress of \$292,447.43 and estimated expenditures for the balance of 1929 of \$302,424.00, the three sums adding to \$1,002,112.52.

It appears, however, from testimony given at the hearing held in this matter, that from this total should be deducted two items aggregating \$4,460.19, which would leave a balance of expenditures, made and estimated, to be paid or provided in part with the proceeds to be received from the proposed issues, of \$997,652.33. These expenditures are set forth in some detail in Schedules B-1, B-2 and B-3, attached to the application and seem reasonably required by applicant in the conduct of its public utility water business.

To finance in part the expenditures referred to, applicant proposes to issue and sell \$510,000.00 of bonds at 92 percent of face value plus accrued interest, \$170,000.00 of preferred stock at 91 percent of par value and \$170,000.00 of common stock at par. The prices indicated will yield applicant the sum of \$793,900.00 which it proposes to use to reimburse its treasury because of the expenditures heretofore made, to pay indebtedness incurred, or to be incurred, in making such expenditures and to provide, in part, the estimated expenditures to be made in the future. In this connection, however, it appears that on April 30, 1929, applicant reported earned surplus of \$258,422.69. It seems to us that under the record in this proceeding the reimbursement of applicant's treasury should be limited to that amount.

O R D E R

California Water Service Company having applied to the Railroad Commission for permission to issue stocks and bonds, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of the stock and bonds herein authorized is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that California Water Service Company be, and it is hereby, authorized to issue and sell on or before December 31, 1929, \$510,000.00 of its first mortgage five percent gold bonds, Series "A", \$170,000.00 of its six percent preferred stock and \$170,000.00 of its common stock.

The authority herein granted is subject to the following conditions;-

1. Applicant shall sell the bonds herein authorized to be issued and sold, at not less than 92 percent of face value plus accrued interest, the preferred stock at not less than 91 percent of par value and the common stock at not less than par, and may use not exceeding \$258,422.69 of the proceeds to reimburse its treasury because of earnings used to pay for capital expenditures made prior to April 30, 1929, and use the remaining proceeds to pay indebtedness incurred, or to be incurred in making additions to its plants and properties, and to finance in part the actual or estimated expenditures described in Schedules B-1, B-2, and B-3, filed in this proceeding.

2. Applicant shall keep such record of the issue and sale of the stock and bonds herein authorized and of the disposition of the proceeds as will enable it to file, on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.

3. The authority herein granted to issue stock will become effective upon the date hereof and the authority to issue bonds will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Five Hundred and Ten (\$510.00) Dollars.

DATED at San Francisco, California, this 18th day of June, 1929.



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Commissioners.