

Decision No. 22292**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)	Application No. 16295
bonds, preferred stock and common)	
stock.)	

McCutchen, Olney, Mannon and Greene,
by James D. Adams and Henry D. Costigan,
for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding California Water Service Company has applied to the Railroad Commission for permission to issue and sell \$840,000.00 of first mortgage five percent bonds, series "A", due April 1, 1958, \$280,000.00 of six percent preferred stock and \$280,000.00 of common stock for the purpose of reimbursing its treasury, paying indebtedness and of financing the cost of additions and betterments.

In support of its request to issue securities, the company alleges that it has made, or proposes to make during 1930, expenditures for capital purposes, which have not been paid or provided through the issue of stock and bonds, in the amount of \$1,564,794.60.

This is determined in the following manner:

Net additions and betterments to November 30, 1929 (Schedule B-1).....		\$1,374,334.29
Less work in progress considered in Application No. 13514.....	239,010.97	
	Balance.....	<u>1,135,323.32</u>
Work in progress, November 30, 1929.....	887,920.45	
	Sub-total.....	<u>2,023,243.77</u>
Less:		
Contributions from extensions \$	24,814.82	
Proceeds from securities sold under former orders.....	<u>1,662,800.00</u>	<u>1,687,614.82</u>
Balance November 30, 1929.....		<u>335,628.95</u>
Unexpended balances (Schedule B-2).....		710,330.65
Estimated expenditures to December 31, 1930 (Revised Schedule B-3).....		<u>518,835.00</u>
	Total.....	<u><u>\$1,564,794.60</u></u>

It appears from the testimony herein that applicant includes in its construction costs, generally, overhead allowances aggregating seventeen percent of the cost of the labor and material, plus interest during construction computed at the rate of six percent per annum, plus allowances for injuries and damages, insurance and similar items. While it does not appear necessary at this time to pass upon the reasonableness of applicant's overhead charges, due to the excess of its reported expenditures over its proposed security issues, we do not wish it understood that by granting the present application we are approving these items in their entirety. The action here taken is not to be construed as a finding of the cost or value of applicant's properties for the purpose of fixing rates.

The company proposes to sell its bonds at 92 percent of their face value, plus accrued interest, its preferred stock at \$91.00 a share and its common stock at \$100.00 a share. It intends to use \$684,453.30 of the proceeds to pay indebtedness and the balance to provide, in part, its construction costs.

O R D E R

California Water Service Company having applied to the Railroad Commission for permission to issue and sell stock 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 such stock and bonds 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,

IT IS HEREBY ORDERED that California Water Service Company be, and it hereby is, authorized to issue and sell, on or before December 31, 1930, \$840,000.00 of its first mortgage 5 percent gold bonds, series "a", at not less than 92 percent of the face value, plus accrued interest, \$280,000.00 of its preferred stock at not less than \$91.00 a share and \$280,000.00 of its common stock at not less than \$100.00 a share.

IT IS HEREBY FURTHER ORDERED that California Water Service Company be, and it hereby is, authorized to use not exceeding \$684,452.30 of the proceeds to be received from the issue and sale of its stock and bonds to pay indebtedness referred to in the foregoing opinion and to use the remaining proceeds to reimburse its treasury and to finance, in part, the cost of additions and betterments set forth in Schedules B-1 and B-2 and the revised Schedule B-3 filed in this proceeding.

The authority herein granted is subject to the following conditions:

(1) 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.

(2) The authority herein granted to issue stock will become effective upon the date hereof. The authority herein granted to issue bonds will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$840.00.

DATED at San Francisco, California, this 3rd day of April, 1930.

C. A. ...

Leon ...

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Commissioners.

Fee \$840 ⁰⁰/₁₀₀₀
RAILROAD COMMISSION
STATE OF CALIFORNIA
1930
[Signature]
Fee # 27821