

Decision No. 28396

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 CALIFORNIA WATER & TELEPHONE COMPANY )  
 for: (1) Order authorizing purchase )  
 of stocks of public utility corpora- )  
 tions: (2) Order authorizing acqui- )  
 sition of certain public utility pro- )  
 perties: (3) Order authorizing mort- )  
 gage of public utility and other pro- )  
 perties: (4) Order authorizing issue )  
 and sale of bonds and stock; and the )  
 Application of CORONADO WATER COMPANY, )  
 SAN GABRIEL VALLEY WATER COMPANY, THE )  
 MONTEREY COUNTY WATER WORKS, SAN FER- )  
 NANDO TELEPHONE & TELEGRAPH COMPANY, )  
 SOUTHWESTERN HOME TELEPHONE COMPANY, )  
 SIERRA MADRE TELEPHONE & TELEGRAPH )  
 COMPANY, MONROVIA TELEPHONE & TELE- )  
 GRAPH COMPANY, for : (1) Order author- )  
 izing the sale of certain public util- )  
 ity properties; and (2) order author- )  
 izing said companies to discontinue )  
 public utility operations. )

ORIGINAL

Application No. 20127

BY THE COMMISSION:

FIRST SUPPLEMENTAL ORDER

The Commission by Decision No. 28276 dated October 14, 1935 in the above entitled matter authorized California Water & Telephone Company to issue and sell \$5,000,000. of 5% first mortgage 30-year bonds on a 5% basis or better; to issue and sell at not less than \$23.50 per share, 64,000 shares (\$1,600,000. par value) of 6% preferred stock and to issue and sell at not less than par, 62,308 shares (\$1,557,700. par value) of common stock, provided that 20,328 shares of said common stock be not delivered until the Commission by a supplemental order authorized such delivery.

In a supplemental petition filed in the above entitled matter on October 25, 1935 California Water & Telephone Company reports that it is not able to sell its first mortgage bonds at more than 97% of their face value and accrued interest. It therefore requests the

Commission to amend its order so as to permit it to sell the \$5,000,000 of bonds at 97% of their face value and accrued interest. It also asks the Commission to amend its order so as to permit the company to issue \$200,000. of additional preferred stock or a total of \$1,800,000. and to reduce the issue of the common stock authorized by paragraph four of said order from \$1,557,700. to \$1,357,700. The request for permission to issue additional preferred stock is predicated upon the belief that the company can realize at least \$200,000. from the sale of Jamacha lands.

The company also asks permission to execute a trust indenture substantially in the same form as that filed in this proceeding as Exhibit "G". The trust indenture is in satisfactory form.

We have considered the requests of California Water & Telephone Company and believe that such requests should be granted as herein provided, therefore,

IT IS HEREBY ORDERED that paragraph four of the order in Decision No. 28276 dated October 14, 1935 reading-

"4. For the purpose of acquiring the stock and businesses, properties, rights and franchises of Coronado Water Company, San Gabriel Valley Water Company, The Monterey County Water Works, San Fernando Telephone & Telegraph Company, Southwestern Home Telephone Company, Sierra Madre Telephone & Telegraph Company and Monrovia Telephone & Telegraph Company, Central California Water Supply Company, Jamacha Holding Company, Ltd. and Southern California Water Supply Company, for paying indebtedness which is a lien on the properties of said companies, or on the properties of California Water & Telephone Company, or any of them, and to provide \$330,000. to install the improvements, etc. mentioned in Exhibit No. 3, California Water & Telephone Company may, after the effective date hereof and prior to January 1, 1936, issue and sell on not more than a 5% basis, \$5,000,000. of first mortgage 30-year bonds, issue and sell at not less than \$23.50 per share, 64,000 shares (\$1,600,000. par value) of 6% preferred stock, the holders of which shall have a right to vote if and when the company fails to pay any quarterly dividend on such stock and issue at not less than par,

62,308 shares (par value \$1,557,700.) of common stock, provided 20,328 shares of said common stock may not be delivered until the Commission by a supplemental order has authorized the delivery of the same,"

be, and the same is hereby, amended so as to read-

4. For the purpose of acquiring the stock and businesses, properties, rights and franchises of Coronado Water Company, San Gabriel Valley Water Company, The Monterey County Water Works, San Fernando Telephone & Telegraph Company, Southwestern Home Telephone Company, Sierra Madre Telephone & Telegraph Company, Monrovia Telephone & Telegraph Company, Central California Water Supply Company, Jamacha Holding Company, Ltd. and Southern California Water Supply Company, for paying indebtedness which is a lien on the properties of said companies or on the properties of California Water & Telephone Company or any of them, and to provide \$330,000. to install the improvements, etc. mentioned in Exhibit No. 3, California Water & Telephone Company may after the effective date hereof and prior to January 1, 1936 issue and sell at not less than 97% of their face value and accrued interest, \$5,000,000. of its first mortgage 30-year 5% bonds, issue and sell at not less than \$23.50 per share, 72,000 shares (\$1,800,000. par value) of 6% preferred stock, the holders of which shall have a right to vote if and when the company fails to pay or set apart dividends for any quarterly dividend upon said preferred stock, as provided in the company's articles of incorporation, and issue at not less than par 54,308 shares (par value \$1,357,700.) of common stock.

IT IS HEREBY FURTHER ORDERED that paragraph ten of the order in Decision No. 28276 dated October 14, 1935 and reading

" 10. The authority herein granted is upon the condition that California Water & Telephone Company, within thirty (30) days after acquiring the aforesaid properties, file with the Commission a copy of a contract with each of said vendor companies, under the terms of which it agrees to pay and discharge all of the vendor companies' debts and liabilities, and assume all of the vendor companies' obligations of every kind and character, whether they arise out of contract or tort or exist under or by force of any law or statute or any municipal or county ordinance or by virtue of the grant and acceptance of any franchise",

be, and the same is hereby amended so as to read-

10. The authority herein granted is upon the condition that California Water & Telephone Company within thirty (30) days after acquiring the aforesaid properties file with the Commission a copy of a contract with each of said vendor

utility companies under the terms of which it agrees to pay and discharge all of said vendor utility companies' debts and liabilities and assume all of said vendor utility companies' obligations of every kind and character whether they arise out of contract or tort or exist under or by force of any law or statute or any municipal or county ordinance or by virtue of the grant and acceptance of any franchise.

IT IS HEREBY FURTHER ORDERED that California Water & Telephone Company be, and it is hereby, authorized to execute a trust indenture substantially in the same form as the trust indenture filed in this proceeding on October 28, 1935 as Exhibit "C", provided that the authority herein granted to execute said trust indenture is for the purpose of this proceeding only, and is granted insofar as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said trust indenture as to such other requirements to which said trust indenture may be subject.

IT IS HEREBY FURTHER ORDERED that this application insofar as it involves the issue of \$500,000. of bonds be, and the same is hereby, dismissed without prejudice.

IT IS HEREBY FURTHER ORDERED that the order in Decision No. 28276 dated October 14, 1935 shall remain in full force and effect, except as amended by this First Supplemental Order.

DATED at San Francisco, California, this 28<sup>th</sup> day of October, 1935.

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*M. A. Linn*  
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*M. B. Lewis*  
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*D. W. ...*  
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*J. W. ...*

Commissioners.