

Decision No. 28793

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- } Application No. 20497
izing it to issue bonds and serial }
notes and to mortgage its properties.)

BY THE COMMISSION:

FIRST SUPPLEMENTAL ORDER

The Commission by its order in Decision No. 28793 dated May 4, 1936, authorized California Water Service Company to issue and sell at not less than their face value and accrued interest, \$10,000,000.00 first mortgage 4% bonds, Series B, due May 1, 1961, and issue and sell at not less than 98½% of their face value and accrued interest, \$550,000.00 of serial notes. By said order the Commission authorized the company to use the proceeds obtained from the sale of said bonds and said notes to redeem \$8,738,000.00 of first mortgage 5%, Series A bonds, acquire the properties of Bear Gulch Water Company and to reimburse its treasury because of income invested in its properties.

By Decision No. 28794 dated May 4, 1936, the Commission authorized Bear Gulch Water Company to sell its properties to California Water Service Company.

In its supplemental application filed on May 7th the company reports that in view of the present market value of bonds and notes of the character involved in this proceeding it now appears that applicant may be unable to sell its Series B bonds at not less than their face value and accrued interest. Because

of the time that will elapse between the date of this application and the sale of the bonds, applicant does not at this time know the price at which it can sell said bonds. If it is unable to sell said bonds at their face value or more and accrued interest, ~~interest~~, applicant does not desire or propose to redeem or refund its Series A bonds, or to issue and sell Series B bonds and serial notes for re-funding purposes. It does, however, intend and desire to proceed with the acquisition of the properties of the Bear Gulch Water Company, and therefore asks the Commission to amend its order in Decision No. 28793 so as to permit the company to sell \$950,000.00 face amount of Series B bonds at not less than 97% of their face value and accrued interest and issue and sell not more than \$350,000.00 of serial notes at not less than 98 $\frac{1}{2}$ % of their face value and accrued interest. The proceeds realized from the sale of said \$950,000.00 of bonds and \$350,000.00 of serial notes will be used by applicant to acquire the properties of Bear Gulch Water Company and reimburse its treasury on account of income invested in its properties.

Applicant further reports that it will be necessary to make some changes in the mortgage of chattels and supplemental trust indenture pertaining to its bonds heretofore filed with the Commission in this proceeding, and the execution of which was authorized by the order in Decision No. 28793 dated May 4, 1936. The revised instrument has not yet been filed. ~~The order~~ This order will provide that none of said Series B bonds may be issued until the Commission has authorized applicant to execute a mortgage of chattels and supplemental trust indenture pertaining to said bonds.

The Commission has considered applicant's request and is of the opinion that this request should be granted, therefore,

IT IS HEREBY ORDERED that the order in Decision No. 28793 dated May 4, 1936 be, and the same is hereby, amended so as to

permit California Water Service Company to issue and sell at not less than 97% of their face value and accrued interest not more than \$950,000. of first mortgage 4% bonds, Series B, due May 1, 1961, and issue and sell at not less than 98½% of their face value and accrued interest, \$350,000.00 of serial notes, and ~~shall~~ use the proceeds, other than accrued interest, realized from the sale of said bonds and notes to acquire the properties of Bear Gulch Water Company and reimburse its treasury on account of income expended for the acquisition of properties. The accrued interest may be used for general corporate purposes.

IT IS HEREBY FURTHER ORDERED that the order in Decision No. 28793 dated May 4, 1936, be, and the same is hereby, further amended so as to permit California Water Service Company to issue and sell at not less than their face value and accrued interest, \$9,050,000. of its first mortgage 4% bonds, Series B, due May 1, 1961, and at not less than 98½% of their face value and accrued interest, \$200,000. of serial notes, and ~~shall~~ use the proceeds realized from the sale of said bonds and notes to redeem \$8,738,000.00 of first mortgage 5% Series A bonds to reimburse its treasury on account of income expended for the acquisition of properties. The accrued interest may be used for general corporate purposes.

IT IS HEREBY FURTHER ORDERED that the authority herein granted to issue bonds and serial notes will not become effective until the Commission has authorized California Water Service Company to execute a mortgage of chattels and supplemental trust indenture pertaining to its first mortgage Series B bonds, nor until there has been filed with the Commission a complete copy of the registration statement or statements which California Water Service Company will file with the Securities and Exchange Commission.

IT IS HEREBY FURTHER ORDERED that the order in Decision No. 28793 dated May 4, 1936, shall remain in full force and effect, except as modified by this First Supplemental Order.

DATED at San Francisco, California, this 11th day of May, 1936.

W B Harris

Leon Whidell

W. J. Cunn

Walter M. M. M.

Walter M. M. M.

Commissioners.