

LEM

Decision No. 28428

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the)
SOUTHERN CALIFORNIA WATER COMPANY)
for authority to issue and sell at par) Application No. 20934
1750 shares of its common capital stock.)

Paul Overton, for applicant.

BY THE COMMISSION:

O P I N I O N

ORIGINAL

Southern California Water Company(formerly American States Water Service Company of California) asks permission to issue and sell at par \$175,000. of its common capital stock.

Applicant is engaged in the distribution of water for domestic, commercial and irrigation purposes in the Counties of Los Angeles, Orange, Imperial, Ventura, San Bernardino and Sacramento, and in the distribution of electric energy in the County of San Bernardino, State of California. It intends to sell its stock to the American States Public Service Company, a corporation organized and existing under the laws of the State of Delaware. Applicant has outstanding \$1,373,000. par value of common stock, all of which is owned by the American States Public Service Company.

The Commission by Decision No. 28457, dated December 21, 1935, in Application No. 20272 authorized American States Water Service Company of California, now known as Southern California Water Company, to issue \$3,400,000. of first mortgage bonds Series A 4 $\frac{1}{2}$ % due October 1, 1960 and use such bonds for the purpose of paying \$3,400,000. of indebtedness due the American States Public Service Company. Applicant reports that the \$3,400,000. of bonds have been delivered to the Bank of America National Trust and Savings Association, trustee under its trust

indenture, with instructions to the trustee that the bonds should be exchanged for and in cancellation and in extinguishment of the indebtedness specifically set out in Decision No. 28457, dated December 21, 1935. In a supplemental petition filed on December 28, 1936 in Application No. 20272 applicant asks the Commission to modify its order in said Decision No. 28457 in several particulars. The amount of bonds is not being changed.

As of October 31, 1936 applicant reports assets and liabilities as follows:-

<u>ASSETS</u>	
Fixed capital installed	\$8,060,124.65
Cash and deposits:	
A. Cash	256,308.94
B. Special deposits	5,260.10
Accounts receivable:	
B. Due from consumers and agents	72,579.48
C. Miscellaneous accounts receivable	1,174.53
Investments:	
C. Miscellaneous investments	10,424.60
Materials and supplies	34,779.31
Prepaid expenses:	
C. Prepaid insurance	2,849.77
Unamortized discount on securities and expenses	4,935.95
Other suspense	8,191.53
Construction work in progress	74,934.37
Total.....	<u>\$8,531,563.21</u>

<u>LIABILITIES</u>	
Capital stock	\$1,373,300.00
Funded debt-proposed refundable obligations	3,400,000.00
Notes payable	60,375.33
Accounts payable:	
A. Accounts with system corporations	217,104.14
B. Audited vouchers and wages unpaid	48,125.00
C. Consumers deposits	45,400.72
D. Miscellaneous accounts payable	10,117.71
Interest accrued	427.97
Taxes accrued	57,391.83
Consumers advances for construction	52,357.72
Donations in aid of construction	454,495.53
Reserve for accrued depreciation	1,657,057.08
Other reserve from income or surplus	1,461.79
Capital surplus	479,441.89
Corporate surplus unappropriated	674,506.50
Total	<u>\$8,531,563.21</u>

It is of record(Exhibit A) that applicant from October 1, 1935 to October 31, 1936 expended for the construction of additions

and betterments to its properties the sum of \$317,113.05 and that during the same period it made retirements of \$133,577.91. The additions and betterments are said to include the installation of 81,600 feet of distribution mains; one 250,000 gallon elevated steel tank, 140 feet to the top; one new filter unit of one-half million gallons daily capacity; one 18-inch gravel envelope well 400 feet deep, one 16-inch well 277 feet deep, and one 16-inch well 1,585 feet deep; five deep well turbine pumps and motors complete; five horizontal centrifugal booster pumps and motors complete, and four new pump houses.

Applicant reports that the additions and betterments have been paid through the use of corporate funds. It occurs to us that if applicant issues the \$175,000. of stock it should use the proceeds realized from the issue and sale of such stock to pay current indebtedness including notes and accounts payable, to American States Public Service Company, excepting of course the indebtedness to be paid through the issue of the aforesaid \$3,400,000. of bonds.

O R D E R

Southern California Water Company having asked permission to issue \$175,000. par value of its common capital stock, the Commission having considered applicant's request and being of the opinion that this is not a matter in which a public hearing is necessary, that the money, property or labor to be procured or paid for through the issue of said stock is reasonably required for the purposes herein stated and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED that Southern California Water Company be, and it is hereby, authorized to issue and sell for cash at not less than par value, on or before February 28, 1937, \$175,000. par value of its common capital stock for the purpose of reimbursing

its treasury because of funds expended for additions and betterments, from October 1, 1935 to October 31, 1936.

IT IS HEREBY FURTHER ORDERED that Southern California Water Company shall use the proceeds realized from the sale of said \$175,000. par value of stock, to pay current indebtedness, including notes and accounts payable to American States Public Service Company, exclusive of any indebtedness payable through the issue of the afore-said \$3,400,000. of bonds.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective upon the date hereof, and that applicant shall keep such record of the issue of the stock herein authorized and of the disposition of the proceeds as will enable it to file a report or reports, as required by the Railroad Commission's General Order No. 24-A, which order insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 7th day of January, 1937.

Walter M. ...
Leon ...

Frank R. ...
Commissioners.