

Decision No. 20348

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CALIFORNIA WATER & TELEPHONE COMPANY) Application No. 21943
to issue and sell bonds.)

Bacigalupi, Elkus & Selinger, for applicant.

BY THE COMMISSION:

ORIGINAL

O P I N I O N

This is an application for an order authorizing California Water & Telephone Company to issue and sell \$400,000.00 of its First Mortgage 5% Bonds, Series of 1935, due September 1, 1965, at not less than 96% of face value plus accrued interest, or as an alternative, in lieu of the sale of said bonds, to hypothecate a portion or all as collateral for a bank loan of not to exceed \$300,000.00.

California Water & Telephone Company is engaged in the operation of water and telephone systems in the Counties of San Diego, Los Angeles, San Bernardino and Monterey. As of September 1, 1935 it executed a trust indenture and chattel mortgage securing an authorized issue of \$20,000,000.00 of bonds, of which heretofore pursuant to authority granted by this Commission, it has issued \$5,250,000.00 to retire indebtedness and to pay in part for the properties it now operates, acquired on August 1, 1935, and for additions and betterments thereto.

Applicant reports its assets and liabilities as of March 31, 1938 as follows:-

<u>ASSETS</u>		
<u>Fixed Capital:</u>		
General office	\$ 8,945.64	
Water divisions	7,319,408.64	
Telephone divisions	<u>1,811,233.96</u>	
Total fixed capital		\$9,139,588.24
<u>Cash and Deposits:</u>		
Cash	\$ 134,909.11	
Special deposits	<u>5,612.60</u>	
Total cash and deposits		140,521.71
<u>Accounts Receivable:</u>		
Due from customers and agents	\$ 117,252.73	
Miscellaneous accounts receivable	<u>5,932.72</u>	
Total accounts receivable		123,185.45
<u>Miscellaneous Investments:</u>		
		692,115.93
<u>Material and Supplies:</u>		
		87,156.98
<u>Prepaid Expenses:</u>		
Prepaid rents	\$ 273.48	
Prepaid taxes	31,184.19	
Prepaid insurance	4,421.77	
Other prepayments	<u>4,593.69</u>	
Total prepaid expenses		40,473.13
<u>Unamortized Debt Discount and Expenses:</u>		
Stocks	\$ 108,000.00	
Bonds	<u>278,619.62</u>	
Total unamortized debt, discount and expenses		386,619.62
<u>Other Suspense</u>		
		802,236.12
<u>Construction Work in Progress</u>		
		9,190.40
Total assets		<u>\$11,421,087.58</u>

<u>LIABILITIES</u>		
<u>Capital Stock:</u>		
Preferred	\$ 1,800,000.00	
Common	<u>2,108,200.00</u>	
Total capital stock		\$ 3,908,200.00
<u>Funded Debt</u>		
		5,250,000.00
<u>Other Long Term Debt</u>		
		9,056.85
<u>Accounts Payable</u>		
Audited vouchers and wages unpaid	\$ 89,689.65	
Consumers' deposits	13,643.94	
Miscellaneous accounts payable	<u>1,156.44</u>	
Total accounts payable		104,489.13
<u>Interest Accrued;</u>		
		21,875.00
<u>Taxes Accrued</u>		
		85,474.63
<u>Dividends Declared</u>		
		27,000.00
<u>Services Billed in Advance</u>		
		2,148.97
<u>Other Current Liabilities</u>		
		475.73
<u>Consumers' Advances for Construction</u>		
		92,757.59
<u>Donations in Aid of Construction</u>		
		50,538.54
<u>Reserve for Depreciation</u>		
Water		1,090,568.77
Telephone		221,451.09
Investments		170,833.67
Other Reserves		5,284.41
<u>Corporate Surplus</u>		
		380,933.20
Total liabilities		<u>\$11,421,087.58</u>

For the year 1938 the company estimates its expenditures for additions and betterments at \$689,268.00 and its retirements at \$197,720.00 resulting in estimated net additions for the year of \$491,548.00, as set forth in some detail in Exhibit "5".

To meet its requirements the company reports the need of additional capital funds and accordingly has filed this application for permission to issue the bonds and to use the proceeds to reimburse its treasury for expenditures heretofore made and to finance the estimated expenditures for 1938.

In making the application, however, the company reports that it as yet has made no definite arrangements to dispose of its bonds. The order herein for this reason will be of a preliminary nature and will permit the company to issue and hypothecate the bonds. The request to sell the bonds will be considered in a supplemental decision when applicant has furnished the Commission with further information concerning its plans and arrangements for their sale.

ORDER

California Water & Telephone Company having applied to the Railroad Commission for an order authorizing it to issue \$400,000.00 of bonds, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary, that the company at this time should be authorized to issue \$400,000.00 of bonds and hypothecate the same, and that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income,

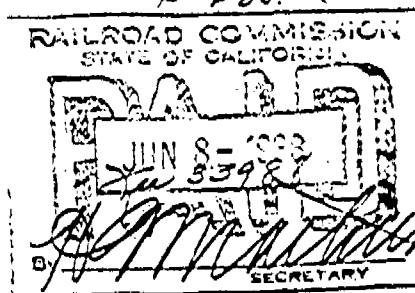
IT IS HEREBY ORDERED that California Water & Telephone Company be, and it hereby is, authorized to issue on or before December 31, 1938, not exceeding \$400,000.00 of its First Mortgage 5% Bonds, Series of 1935, and to hypothecate the same as collateral for bank loans of \$300,000.00, provided:

1. That said bonds be hypothecated in the ratio of not exceeding \$1,333.33 of bonds for \$1,000.00 of bank loans; and
2. That the money received through the bank loans be used to reimburse applicant's treasury and finance in part its estimated 1938 construction expenditures described in Exhibit "5"; and
3. That as said bank loans are paid, the bonds hypothecated be returned to applicant and thereafter not issued or otherwise disposed of except as hereafter authorized by this Commission; and
4. That on or before the 25th day of each month a verified report be filed of the issue and hypothecation of said bonds and the disposition of the proceeds from said bank loans, as required by the Commission's General Order No. 24-A.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Four Hundred (\$400.) Dollars.

Los Angeles

DATED at ~~San Francisco~~ California, this 1st day of June, 1938.



Leon C. Hubert
Frank W. ...
Ray L. ...
Commissioners.