

Decision No. 21620

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 it to issue an additional  
amount of its First Mortgage Bonds.

Application No. 22430

BY THE COMMISSION:

OPINION AND ORDER

California Water Service Company has applied to the Railroad Commission for permission to issue and sell at not less than face value plus accrued interest, \$300,000. of first mortgage 4% bonds, Series B, due May 1, 1961, for the purpose of reimbursing its treasury and of financing the cost of additions and betterments to its plants and properties.

Heretofore, by Decision No. 26793, dated May 4, 1936, as amended, and by Decision No. 21636, dated December 20, 1937, the Commission authorized California Water Service Company, among other things, to issue and sell \$10,300,000. of its first mortgage 4% bonds, Series B, to obtain funds to pay indebtedness, to reimburse its treasury on account of earnings expended for additions and betterments prior to October 31, 1937, and to finance in part net expenditures during the remainder of 1937 and during 1938. Such bonds, it appears, were issued and sold and now are outstanding.

The bonds now proposed to be issued are similar to those now outstanding. In support of the present application for the authorization of this Commission, the company alleges that during the period from January 1, 1936 to October 31, 1938 its net expenditures for additions and betterments have aggregated \$1,298,980.53, as shown in detail in Exhibit A filed in this proceeding, and that of this amount only

\$297,000. has been provided through the issue of bonds heretofore authorized by the Commission, leaving a balance of \$1,001,980.53 which, it appears, have been financed primarily with surplus earnings and moneys represented by the reserve for depreciation. In addition the company estimates its total construction expenditures for 1939 at from \$400,000. to \$500,000.

The application shows that the company proposes to sell the \$300,000. of bonds at private sales at not less than their face value plus accrued interest.

The Commission has considered the request of the company for permission to issue and sell \$300,000. of bonds, and is of the opinion that this is not a matter in which a public hearing is necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue and sale of said bonds is reasonably required for the purposes specified herein and that the expenditures for such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and therefore,

IT IS HEREBY ORDERED that California Water Service Company bc, and it hereby is, authorized to issue and sell on or before February 28, 1939, at not less than their face value plus accrued interest, \$300,000. of its first mortgage 4% bonds, Series B, due May 1, 1961, and to use the proceeds to reimburse its treasury because of surplus earnings expended for additions and betterments prior to October 31, 1938 and to finance in part net expenditures for additions and betterments during the remainder of 1938 and during 1939, provided that only such expenditures as are properly chargeable to fixed capital accounts, as defined by the uniform classification of accounts for water corporations, may be so financed with such proceeds.

IT IS HEREBY FURTHER ORDERED that California Water Service Company shall keep such record of the issue and sale of the 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-A, which order insofar as applicable, is made a part of this order.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Three Hundred (\$300.) Dollars.

DATED at San Francisco, California, this 3<sup>rd</sup> day of January 1939.

Raymond W. Brown  
Frank R. Allen  
Ray H. Wiley  
W. H. Kelly

COMMISSIONERS.

