

Decision No. 22482

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of
CALIFORNIA WATER SERVICE COMPANY,
a corporation, for an order authoriz-
ing it to issue an additional amount
of its First Mortgage Bonds.

} Application No. 23004

BY THE COMMISSION:

O P I N I O N

This is an application by California Water Service Company for permission to issue and sell \$500,000 in principal amount of its first mortgage 4% bonds, Series B, due May 1, 1961, at not less than face value and accrued interest, for the purpose of financing the cost of additions and betterments to its plants and properties.

Applicant is engaged in the business of supplying and distributing water for domestic and industrial purposes in the following localities in the State of California:- Redding, Willows, Chico, Oroville, Marysville, Dixon, Port Costa, Martinez (wholesale), Port Chicago (Bay Point), Walnut Creek (wholesale), Concord, Danville, Crockett, Petaluma, South San Francisco, Lomita Park, Hillsborough (part for limited purposes), San Mateo, San Carlos, Los Altos, Valona, Stockton, Livermore, Bakersfield, Visalia, Hanford, Hermosa Beach, Redondo Beach, Los Angeles (Belvedere District), Atherton and Menlo Park.

As of August 31, 1939, California Water Service Company reports assets and liabilities as follows:-

A S S E T S

Plant, property, etc.	\$18,770,967.71	
Construction work in progress	<u>433,674.10</u>	\$19,204,641.81
Cash	231,619.88	
Working funds	7,925.00	
Accounts receivable consumers	198,137.20	
Accounts receivable-Miscellaneous	8,784.99	
Materials and supplies	<u>150,676.38</u>	647,143.45
Investments in other companies		5,103.00
Deposit for redemption of funded debt	1,070.09	
Other deposits	<u>4,019.08</u>	5,089.17
Unamortized debt discount and expense		675,546.21
Prepaid taxes, insurance, etc.	15,839.56	
Unamortized extraordinary maintenance	1,658.67	
Miscellaneous deferred charges	2,646.10	
Retirements in progress	34,200.47	
Miscellaneous suspense	<u>46,568.40</u>	100,913.20
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Total assets		<u>\$20,638,436.84</u>

L I A B I L I T I E S

Preferred stock-		
29,610 Shares, par value \$100.each	\$2,961,000.00	
Common stock-		
24,142 shares, par value \$100.each	<u>2,414,200.00</u>	\$ 5,375,200.00
First Mortgage 4% Bonds, Series B, Due May 1, 1961 Serial Notes	\$10,600,000.00 <u>385,000.00</u>	10,985,000.00
Funded debt called for redemption		1,070.09
Accounts payable	75,574.26	
Miscellaneous current liabilities	1,603.79	
Taxes accrued-General	47,226.90	
Taxes accrued-Federal	66,178.15	
Interest accrued on funded debt	146,145.83	
Interest accrued-Miscellaneous	45.34	
Dividends accrued on preferred stock	7,402.50	
Miscellaneous accrued liabilities	5,436.33	
Unearned revenue	<u>11,295.85</u>	360,878.95
Consumers' deposits-Meter	\$ 46,035.09	
Consumers' deposits-Extension	194,298.40	
Miscellaneous deferred liabilities	<u>2,925.93</u>	243,259.42
Depreciation reserve	2,821,891.98	
Contributions for extensions	343,612.69	
Uncollectible accounts reserve	19,764.83	
Miscellaneous reserves	<u>36,625.16</u>	3,221,894.66
Capital surplus	39,779.38	
Earned surplus	<u>411,354.34</u>	451,133.72
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Total liabilities		<u>\$ 20,638,436.84</u>

Applicant in Exhibit A shows in some detail that during the period from January 1, 1936 to July 31, 1939, its net expenditures for additions and betterments, including construction work in progress, aggregated \$1,598,626.88. From this amount it deducts \$21,246.37, representing contributions for extensions, and \$603,000 of proceeds received from the issue and sale of \$600,000 of bonds heretofore authorized, leaving a balance of \$974,380.51 of expenditures up to July 31, 1939 which has not been paid or provided through the issue of securities authorized by the Commission.

In addition to the \$974,380.51 the company reports estimated net expenditures for additions and betterments of \$184,380 for the period from July 31, 1939 to December 31, 1939 and of \$80,000 for the first four months of 1940, the three items aggregating \$1,238,760.51.

The company, in this and in former proceedings, has filed detailed statements of its construction expenditures since January 1, 1936. While the Commission has reviewed such statements and has authorized the company to issue bonds to finance, in part, its costs, the action of the Commission should not be construed as an approval of all the items contained in the statements. It does appear that sufficient margin exists to warrant the authorization to issue the additional bonds requested in this application, so an order accordingly will be entered.

O R D E R

California Water Service Company having applied to the Railroad Commission for permission to issue and sell \$500,000 of its first mortgage 4% bonds, Series B, due May 1, 1961, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary, that this 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 purpose specified herein, and that the expenditure for such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income,

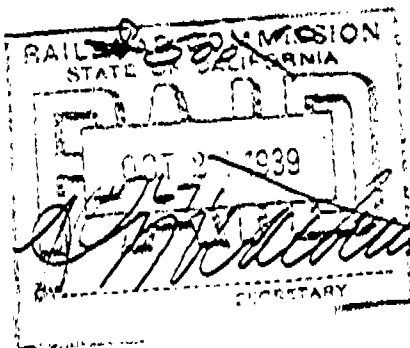
IT IS HEREBY ORDERED that California Water Service Company be, and it hereby is, authorized to issue and sell, after the effective date hereof and prior to March 31, 1940, at not less than their face value and accrued interest, \$500,000 of its first mortgage 4% bonds, Series B, due May 1, 1961, and to use the proceeds to reimburse its treasury because of earnings expended for additions and betterments made prior to July 31, 1939, and pay in part the cost of additions and betterments installed or to be installed from July 31, 1939 and April 30, 1940; provided-

1. That only such expenditures as are properly chargeable to fixed capital accounts as defined in the uniform classification of accounts for water corporations, may be so financed with such proceeds; and

2. That applicant shall file with the Commission a report, or reports, such as are required by General Order No. 24-A, of the issue and sale of the bonds herein authorized, and of the disposition of the proceeds.

3. 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 Five Hundred(\$500.00) Dollars.

DATED at San Francisco, California, this 24th day of
October, 1939.



Robert W. ...
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James J. ...
COMMISSIONERS.