

Decision No. 23365

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 authoriz-
ing it to issue four shares of \$25
par value stock in exchange for each
one share outstanding of \$100 par
value stock.

ORIGINAL

Application No. 23365

McCutchen, Olney, Mannon & Greene,
for applicant.

BY THE COMMISSION:

O P I N I O N

California Water Service Company has applied to the Railroad Commission of the State of California for an order authorizing it to issue shares of its preferred and common stocks, of the par value of \$25 each, in exchange for shares of its preferred and common stocks now outstanding of the par value of \$100 each, said exchanges to be made on the basis of four shares of stock of the par value of \$25 each for each share of stock, now outstanding, of the par value of \$100.

The record shows that California Water Service Company was organized under the laws of the State of California on or about December 20, 1926. It has an authorized capital stock of \$12,000,000, divided into 120,000 shares of the par value of \$100 each, consisting of \$6,000,000 of common stock and \$6,000,000 of six per cent cumulative non-participating preferred stock, callable at 105 per cent of par value, plus accrued dividends. Heretofore, pursuant to authority granted by the Commission, the company has issued, and now has outstanding, \$2,414,200 of common stock and \$2,961,000 of preferred stock.

Applicant proposes to amend its Articles of Incorporation to include provisions whereby the par value of the shares of preferred and

common stock of applicant, both authorized but unissued shares and outstanding shares, will be changed from \$100 per share to \$25 per share, and whereby the outstanding shares of preferred stock of applicant will be designated as "Series A" preferred shares of the par value of \$25 per share. The "Series A" preferred stock will bear cumulative dividends at the rate of, but not exceeding, six per cent. per annum, payable quarterly, and will be subject to redemption at the option of the corporation, in whole or in part, on any dividend payment date at 105 per cent. of par value plus accrued dividends. The remaining series of preferred stock will have such provisions as to dividend rate conversion rights, voting rights, redemption rights and liquidation preferences as the company's Board of Directors may fix, provided, however, that the dividend rate, redemption right, liquidation preferences and voting rights granted to any series of preferred shares shall not exceed those granted to Series A preferred shares.

Upon amending the Articles of Incorporation the company proposes, and accordingly asks permission, to issue 96,568 shares of its common stock of the par value of \$25 each, making a total par value of \$2,414,200, in exchange for the outstanding 24,142 shares of common stock of the par value of \$100 each, and 118,440 shares of Series A preferred stock of the par value of \$2,961,000, in exchange for the outstanding 29,610 shares of preferred stock, of the par value of \$100 each. There is no request made at this time for authority to increase the total outstanding stock.

ORDER

The Railroad Commission of the State of California having considered the request of California Water Service Company for permission to issue shares of common and preferred stock of the par value of \$25 each in exchange for outstanding shares of common and preferred stock of the par value of \$100 each, and the Commission being of the opinion

that a public hearing is not necessary in this matter, that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required for the purpose specified herein, that the expenditures for said purpose are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED as follows:

1. California Water Service Company may, after the effective date hereof and on or before December 30, 1940, issue to the holder or holders of 24,142 shares of its common stock of the par value of \$100 per share previously issued and outstanding, an aggregate of 96,568 shares of its common stock of the par value of \$25 per share in exchange for said 24,142 shares previously issued and outstanding on the basis of four shares of common stock of the par value of \$25 per share for each share of common stock of the par value of \$100 per share, the certificates for said shares of \$100 par value stock first to be delivered back to California Water Service Company and cancelled in each instance.
2. California Water Service Company may, after the effective date hereof and on or before December 31, 1940, issue to the holders of 29,610 shares of its preferred stock of the par value of \$100 per share previously issued and outstanding, an aggregate of 118,440 shares of its "Series A" preferred stock of the par value of \$25 per share in exchange for said 29,610 shares of preferred stock previously issued and outstanding, on the basis of four shares of "Series A" preferred stock of the par value of \$25 per share for each share of preferred stock of the par value of \$100 per share, the certificate of said shares of \$100 par value of stock first to be delivered back to California Water Service Company and cancelled in each instance.

3. California Water Service Company shall file with the Railroad Commission quarterly reports showing the amount and classes of stock issued under the authority herein granted and the expenses incurred by it to effect the amendment of its Articles of Incorporation and the exchange of stock herein authorized, the first report to be filed on or before July 30, 1940, and to cover the transactions between the effective date of this order and June 30, 1940, and subsequent reports to be filed within thirty (30) days after the end of the quarter covered by such reports.

4. California Water Service Company shall charge the expenses incurred by it to amend its Articles of Incorporation and to effect the exchange of stocks herein authorized, to Account 114-A, Other deductions from surplus.

5. The authority herein granted will become effective when California Water Service Company has filed with the Railroad Commission of the State of California a certified copy of its Articles of Incorporation, amended as indicated in this application.

DATED at San Francisco, California, this 2nd day of April, 1940.

Ray L. Riley
James S. Smith
Ralph S. Shepard
A. H. Miller
Justin J. Coe
COMMISSIONERS.