

Decision No. 36557

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

**ORIGINAL**

In the Matter of the Application

- of -

CALIFORNIA WATER & TELEPHONE COMPANY  
to issue and sell stocks and bonds.

Application No. 25664

BY THE COMMISSION:

FIRST SUPPLEMENTAL OPINION

By Decision No. 36505, dated July 20, 1943, in Application No. 25664, the Commission authorized California Water & Telephone Company to issue and sell \$900,000 of its First Mortgage Bonds, 3½% Series due 1971, and use the proceeds to pay in part the cost of constructing the dam and appurtenances described in said Decision No. 36505 and in Exhibit 9 filed in this application, to pay a commission incident to the sale of the bonds of not more than \$9,000, and to pay expenses incident to the issue of said bonds. By said Decision No. 36505, the Commission denied the company's request for permission to issue \$250,000 par value of 6% preferred stock. In its decision the Commission states that upon the filing of an appropriate supplemental

application, it would consider the issue of short term serial notes payable from applicant's income.

California Water & Telephone Company on August 6 filed its Second Supplemental Application in which it asks permission to issue and sell a serial note or notes in principal amount not to exceed \$250,000, to be paid and retired at the rate of not less than one-fifth (1/5) entire principal amount thereof annually, so that the entire amount thereof will be paid and retired at or prior to the expiration of five years from the date of issuance. The note or notes shall bear interest at the rate of 2½% per annum on decreasing balances, payable monthly. The note or notes will be issued to the Bank of America National Trust and Savings Association under a loan agreement, a copy of which is attached to said Second Supplemental Application as Exhibit 2.

The money realized through the issue of the note or notes will be used to pay in part the cost of the dam and appurtenances to which reference is made in said Decision No. 36505, and the expenses incident to the issue of the note or notes.

#### FIRST SUPPLEMENTAL ORDER

The Commission having considered the request of California Water & Telephone Company for permission to issue and sell its \$250,000 serial note or notes for the purpose indicated in the foregoing supplemental opinion and it being of the opinion that this is not a matter on which a hearing

is necessary; that the money, property or labor to be procured or paid for by the issue of said note or notes is reasonably required for the purpose herein stated, and that the expenditures for such purpose, except those for the payment of commissions and expenses incident to the issue of said note or notes are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore

IT IS HEREBY ORDERED as follows:

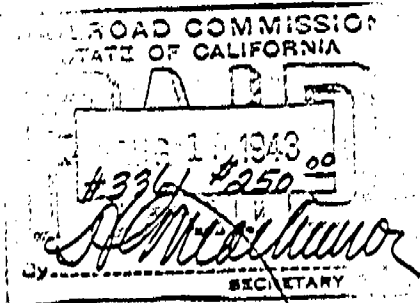
1. California Water & Telephone Company may, after the effective date hereof and on or before September 30, 1943, issue its 2½% serial note or notes in the aggregate principal amount not to exceed \$250,000 and use the proceeds to pay commissions and expenses incident to the issue of said note or notes and to pay in part the cost of constructing the dam and appurtenances to which reference is made in Decision No. 36505, dated July 20, 1943, said note or notes to be issued pursuant to the terms of the loan agreement attached as Exhibit 2 to the Second Supplemental Application filed on August 6, 1943.

2. The authority herein granted will become effective when California Water & Telephone Company has paid the fee prescribed by Section 57 of the Public Utilities Act.

3. California Water & Telephone Company shall file with the Railroad Commission such reports as are required by the Commission's General Order No. 24-A, which order insofar as applicable is made a part of this order.

4. Within thirty (30) days after the issue of said note or notes, California Water & Telephone Company shall file with the Railroad Commission two copies of the note or notes issued under the authority herein granted, together with two copies of the loan agreement under which it issued said note or notes.

Dated at San Francisco, California, this 17<sup>th</sup> day of August, 1943.



Francis D. Havenor  
Justin F. Cannon  
[Signature]  
[Signature]

Commissioners.