

Decision No. 37417

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application
of SOUTHERN CALIFORNIA WATER COMPANY,
for an order authorizing it to issue
161,550 shares of its Common Stock.

Application No. 26351

BY THE COMMISSION:

O P I N I O N

Southern California Water Company asks the Commission to make and enter an order authorizing applicant to issue 161,550 shares of its new common stock for the purpose of refunding its common stock now outstanding.

Southern California Water Company is a public utility and as such is engaged primarily in the business of distributing and supplying water in certain areas within the counties of Los Angeles, Orange, San Bernardino, Ventura, Imperial and Sacramento, State of California. It also engages in the public utility business of distributing and supplying electricity at Bear Valley in San Bernardino County, California. It also engages in nonutility ice business.

For the twelve months ending August 31, 1944, applicant

reports operating revenues of \$1,625,995.09, segregated as follows:

Water	\$1,524,809.19
Electric	61,441.57
Ice	<u>39,744.33</u>
	<u>\$1,625,995.09</u>

As of August 31, 1944, applicant reports assets and liabilities as follows:

<u>Assets</u>		
Fixed Capital		\$ 9,541,073.39
Current Assets		922,558.31
Cash	\$ 408,333.06	
Special Deposits	8,141.86	
U.S. Treasury Tax Notes	166,000.00	
Accounts Receivable	142,311.10	
Interest Receivable	538.30	
Merchandise, Materials & Supplies	137,105.33	
Prepayments:		
Taxes	55,305.56	
Insurance	<u>4,823.10</u>	
Miscellaneous Assets		100,559.21
Deferred Accounts		169,349.89
Unamortized Debt Discount & Expense	\$ 107,322.64	
Unamortized Preferred Stock Discount	52,000.00	
Other Deferred Items	<u>10,027.25</u>	
Total Assets		<u>\$10,733,540.80</u>

<u>Liabilities</u>		
Capital Stock		\$ 2,348,300.00
Common (61,932 shares)	\$1,548,300.00	
Preferred, 6%, (20,000 shares)	500,000.00	
Preferred, 5%, (12,000 shares)	<u>300,000.00</u>	
Funded Debt		3,880,000.00
First Mortgage Bonds, 3-3/4%, due March 1, 1970	\$3,500,000.00	
First Mortgage Bonds, 3-1/2%, due March 1, 1970	300,000.00	
Serial Notes, 2-3/4%*	<u>80,000.00</u>	
Current Liabilities		590,279.18
Notes Payable*	\$ 80,000.00	
Accounts Payable	39,359.77	
Dividends Declared	11,250.43	
Consumers' Deposits	73,233.43	
Accrued Interest on Funded Debt	1,925.14	
Accrued Taxes	373,296.45	
Accrued Insurance	4,518.77	
Other Current Liabilities	<u>6,695.19</u>	
Other Liabilities		65,432.32
Reserve for Depreciation		2,513,896.28
Reserve for Uncollectible Accounts		2,000.00
Donations in Aid of Construction		605,781.07
Capital Surplus		179,542.60
Earned Surplus		<u>548,309.35</u>
Total Liabilities		<u>\$10,733,540.80</u>

*Due in semi-annual payments of \$40,000 each, beginning Dec. 28, 1944. \$80,000 of Serial Notes included under current liabilities.

All of applicant's 61,932 shares of common stock are owned by American States Utilities Corporation, a Maryland Corporation, hereinafter referred to as American States. American States is a registered holding company under and within the meaning of the Public Utility Holding Company Act of 1935. Applicant is one of two subsidiaries of American States, the other being Edison Sault Electric Company, a Michigan Corporation. American States has now pending before the Securities and Exchange Commission, under Section 11 of the Holding Company Act, an application for the simplification of its corporate structure. This application provides for the distribution by American States to its stockholders, the stock of its subsidiaries. Under the plan of distribution, the holders of the preferred shares of American States will be entitled to receive one share of applicant's new common stock for each share of preferred stock of American States and the holders of the common stock of American States will be entitled to receive one share of applicant's new common stock for each six shares of common stock of American States. To facilitate the distribution of applicant's common stock to American States' stockholders, applicant proposes to amend its Articles of Incorporation and change the par value of its common stock from \$25 per share to \$12 per share and to split up the presently outstanding 61,932 shares (\$25 par value per share) into 161,550 common shares (\$12 par value per share). Applicant's presently outstanding common shares have an aggregate par value of \$1,548,300. The new common shares would have an aggregate par value of \$1,938,600. Applicant proposes to transfer from Earned Surplus \$390,300 to stated capital account, to be represented by new common shares of stock.

Applicant's proposed amendment to its Articles of Incorporation will not affect in any way the rights of the holders of its outstanding preferred stock. Each share of both classes of preferred stock and each share of common stock carries one vote. Applicant's presently outstanding common shares represent an aggregate of 61,932 votes. In order to preserve, substantially, the present relative voting rights of applicant's outstanding shares of all classes of stock, the proposed amendment to its Articles of Incorporation will give to its common shares .38336 of one vote per share. On this basis, the 161,550 shares of new common stock, which applicant asks permission to issue, will represent an aggregate of 61,931.8 votes as compared to an aggregate of 61,932 votes, represented by the presently outstanding common stock.

Applicant does not intend to issue any of the new shares of common stock or amend its Articles of Incorporation unless and until the American States' plan of dissolution has been approved by the Securities and Exchange Commission.

O R D E R

The Commission having considered the request of Southern California Water Company 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 the stock herein authorized is reasonably required by applicant for the purpose herein stated; 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 as herein provided, therefore

IT IS HEREBY ORDERED as follows:

1. Southern California Water Company may, after the effective date hereof and on or before June 30, 1945, transfer from its Earned Surplus to Stated Capital Account \$390,300, and issue to American States Utilities Corporation, 161,550 shares of new common stock of the par value of \$12 each in exchange for and in lieu of 61,932 shares of common capital stock now owned by American States Utilities Corporation.

2. The authority herein granted will become effective when Southern California Water Company has filed with the Railroad Commission a certified copy of the amendment to its Articles of Incorporation, said amendment to be in substantially the same form as the amendment filed in this application as Exhibit "A."

3. Within thirty (30) days after the issue of the stock herein authorized, Southern California Water Company shall file with the Railroad Commission a statement showing the number of shares of common stock issued under the authority herein granted and to whom said shares of common stock were issued, together with a statement showing in detail the expenses incurred in connection with this application and the issue of said shares of common stock.

Dated at San Francisco, California, this 24th day of
October, 1944.

Richard L. Jackson
Justin J. Carlson
Francis R. Havenner
Francis C. Berry
James H. Luce
Commissioners.

CERTIFIED AS A TRUE COPY

Secretary, National Commission
State of California.