

Decision No. 41976

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)
CALIFORNIA WATER & TELEPHONE COMPANY)
to issue and sell stocks and bonds.)
-----)

Application No. 29493

BACIGALUPI, ELKUS & SALINGER by
CHARLES ELKUS, JR., for Applicant

Huls, Commissioner

FIRST SUPPLEMENTAL OPINION

The Commission by Decision No. 41872 dated July 20, 1948 in this proceeding authorized California Water & Telephone Company to issue \$1,000,000 of bonds and stated that the matter of the issue of additional shares (12,800) of common stock will be considered by the Commission at a later date in a further opinion and order.

A hearing was had on Aug. 9 on Applicant's request for permission to issue and sell at \$23.00 a share 12,800 shares of its common stock. Subsequent to the hearing Applicant filed

in this proceeding a copy of its balance sheet as of June 30, 1948. It shows assets and liabilities as follows:

<u>Assets</u>		
Fixed capital		
Water	\$13,332,558.11	
Telephone	4,705,314.37	
General office	<u>537.98</u>	
Total fixed capital		\$18,038,410.46
Construction work in progress		1,256,233.98
Miscellaneous investments		<u>778,106.26</u>
		1,216,277.10
Current assets		
Cash and deposits	\$ 164,131.13	
Notes receivable	10,000.00	
Accounts receivable	402,357.33	
Material and supplies	611,947.12	
Prepaid expenses	27,841.52	
Unamortized discount		66,593.11
Other suspense		<u>165,753.75</u>
Total assets		<u>\$21,521,379.66</u>

<u>Liabilities</u>		
Capital stock		\$ 6,425,000.00
Premium on common stock		198,234.00
Long-term debt		9,750,000.00
Current liabilities		<u>1,138,092.98</u>
Notes payable	\$ 135,000.00	
Accounts payable	722,515.98	
Dividend payable	-	
Accrued liabilities	280,577.00	
Past service pension premium payable		\$ 76,468.63
Service billed in advance		24,383.67
Consumers advances for construction		371,588.39
Deferred credits		9,404.13
Donations in aid of construction		195,775.61
Reserve for depreciation		2,322,592.74
Other reserves		11,431.14
Capital surplus		40,762.53
Corporate surplus		<u>457,593.84</u>
Total liabilities		<u>\$21,521,379.66</u>

Applicant has issued said \$1,000,000 of bonds. Its capitalization ratios are now reported as follows:

Bonds	53.6%
Debentures	5.5%
Preferred stock	17.7%
Common stock and surplus	23.2%

Applicant intends to offer the 12,800 shares of common stock to the holders of its presently outstanding common stock in the proportion of one share of said new stock for each ten shares of said stock now outstanding. It will sell said new shares only to the extent that rights are exercised. The testimony shows that Applicant failed in its effort to sell preferred stock at a price which it regards reasonable. It further shows that inasmuch as Applicant can not sell its common stock at par it deems it expedient to give the holders of its common stock the opportunity to acquire additional common shares of stock and thus maintain their position in the company.

Applicant needs the proceeds from the sale of the stock to acquire and construct properties or to pay indebtedness incurred for that purpose. Decision No. 41872 contains a summary of Applicant's estimated cost of its 1948 construction projects.

I herewith submit the following form of order.

FIRST SUPPLEMENTAL ORDER

California Water & Telephone Company having asked permission to issue and sell 12,800 shares of its common stock, a public hearing having been held, and the Commission having considered the evidence submitted at such hearing, and it being of the opinion that the money, property or labor to be procured or paid for by the issue and sale of said shares of stock is reasonably required by California Water & Telephone Company for

the purposes herein stated and that said purposes 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, on or before November 30, 1948, issue and sell at not less than \$23.00 a share, not exceeding 12,800 shares of its common stock, said shares of stock to be offered to the holders of Applicant's outstanding shares of common stock on the basis of one share of new stock for each ten shares of said stock now outstanding.
2. California Water & Telephone Company shall use the proceeds from the issue and sale of said shares of stock to pay the expenses incident to the issue and sale thereof and to finance in part the cost of additions and betterments to its plants and properties, to which reference is made in Decision No. 41872, dated July 20, 1948 or to pay indebtedness incurred for said purposes.
3. California Water & Telephone Company shall file with the Commission on or before December 31, 1948, a report showing the number of shares of common stock issued and sold under the authority herein granted, the price per share at which said shares of stock were sold, the aggregate proceeds realized from the issue and sale of said shares of stock, and the purposes for which it expended said aggregate proceeds. It shall also file with the Commission a statement showing in detail the expenses incurred incident to the issue and sale of said shares of stock.
4. The authority herein granted is effective upon the date thereof.

The foregoing first supplemental opinion and first supplemental order are hereby approved and filed as the first supplemental opinion and first supplemental order of the Public Utilities Commission of the State of California.

Dated at San Francisco, California, this 24th day of August 1948.

W. J. [Signature]
Justice J. [Signature]
[Signature]
Harold S. Kula
[Signature]

Commissioners