

**ORIGINAL**

Decision No. 44314

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

Application  
No. 31471

O P I N I O N

In this application, California Water Service Company asks permission to issue and sell \$800,000 principal amount of its First Mortgage 3-1/4% Bonds, Series C, due November 1, 1975. Applicant reports that it has not entered into any contract for the sale of said bonds but that it expects to dispose of them at a private sale to one or more purchasers for investment purposes, and not for resale to the public, at not less than 104.37% of the principal amount plus accrued interest, a price resulting in an effective rate of 3%, exclusive of expenses incident to the issue and sale.

Applicant asks permission to use the proceeds from the sale of said bonds to reduce its bank loans, now in the aggregate outstanding amount of \$1,750,000, which were incurred for the purpose of assisting it in meeting its current construction program. As shown in some detail in the application, applicant's net additions to fixed capital between September 1, 1949, and April 30, 1950, amounted to \$2,385,308.91, which was provided in part through such bank loans. The net additions are segregated as follows:

Land	\$	68,158.75
Buildings and structures		39,195.09
Source of water supply		299,158.74
Pumping equipment		173,234.25
Purification equipment		130,756.66
Mains		1,405,663.57
Services and meters		539,928.83
Other distribution equipment		94,068.41
General equipment		32,099.11
Decrease in intangible capital		<u>(35,598.00)</u>
Decrease in unclassified construction work in progress		<u>(361,356.50)</u>
Total		<u>\$2,385,308.91</u>

By Decision No. 44273, dated June 7, 1950, applicant was authorized to issue and sell \$800,000 of bonds, similar to those now proposed to be issued, at 104.37% of face value plus accrued interest, for the purpose of paying, in part, the outstanding loans. Applicant will have need for additional funds to permit it to proceed with the liquidation of the balance of said loans and accordingly an order authorizing the issue of the additional bonds as now proposed will be entered.

A pro forma statement of applicant's capital structure as of April 30, 1950, giving effect to the additional issues of bonds, is as follows:

Long-term debt			
Bonds	\$17,822,000		56%
Serial notes	<u>300,000</u>		<u>1</u>
Total long-term debt		\$18,122,000	<u>57</u>
Preferred stock		6,558,400	20
Equity capital			
Common stock	5,631,300		
Surplus	<u>1,681,622</u>		
Total equity capital		<u>7,312,922</u>	<u>23</u>
Total		<u>\$31,993,322</u>	<u>100%</u>

Applicant reports that at a later date it intends to apply to the Commission for authority to issue capital stock to complete the retirement of its bank loans, to finance the remainder of its 1950

construction program, and to restore working capital used during the course of such program.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing thereon is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of the bonds herein authorized is reasonably required by California Water Service Company for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. California Water Service Company, after the effective date hereof and on or before July 31, 1950, may issue and sell not to exceed \$800,000 principal amount of its First Mortgage 3-1/4% Bonds, Series C, at a price not less than 104.37% of the principal amount plus accrued interest, and use the proceeds, other than accrued interest, to pay outstanding bank loans. The accrued interest may be used for general corporate purposes.
2. Applicant shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.
3. 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 eight hundred (\$800.00) dollars.

Dated at San Francisco, California, this 20<sup>th</sup> day of  
June, 1950.

R. Z. [Signature]

[Signature]

Harold F. Hill

[Signature]  
Commissioners

