Decision No. __44928__

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application.	)	
of	)	
CALIFORNIA WATER & TELEPHONE COMPANY	)	Application No. 31833
for a permit to issue and sell bonds.	)	

O P I N I O N

      California Water & Telephone Company has filed this application for authority to execute a supplemental indenture and to issue and sell $1,000,000 principal amount of its First Mortgage Bonds, 3% Series due 1979, at not less than 99-1/2% of their principal amount, plus accrued interest, for the purpose of providing funds for its 1950 construction program.

      Applicant is engaged in business as a public utility giving water service in portions of the counties of San Diego, Los Angeles and Monterey, and telephone and telegraph service in portions of the counties of Riverside, San Bernardino and Los Angeles. In financial statements filed with the Commission it has reported its operating revenues for the 12 months ended July 31, 1950, at $2,178,076 in its water department and at $2,790,941 in its telephone department, a total of $4,969,017, with net income of $707,394. For the preceding 12-month period it reported operating revenues of $4,267,618 and net income of $539,787. It reports its assets and liabilities as of July 31, 1950, as follows:

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Assets

Fixed assets -		
Water department	$16,799,612.97	
Telephone department	8,885,682.99	
Construction work in progress	840,463.43	
Intangible capital	441,719.07	
Total fixed assets		$26,967,478.46
Other investments		133,639.86
Current assets -		
Cash	620,053.65	
Accounts receivable	617,015.76	
Materials and supplies	857,431.44	
Special deposits	9,001.37	
Total current assets		2,103,502.22
Deferred debits		214,861.72
Total		$29,419,482.26

Liabilities

Long-term debt		$13,250,000.00
Current liabilities -		
Accounts payable	$ 608,357.15	
Accrued liabilities	562,022.68	
Dividends declared	159,421.60	
Other items	14,000.00	
Total current liabilities		1,343,801.43
Deferred credits		722,929.13
Reserves for retirement		3,127,617.18
Other reserves		43,461.55
Donations in aid of construction		246,640.03
Preferred stock		4,824,900.00
Common stock		5,036,775.00
Net premium on stock		264,850.00
Capital surplus		40,037.36
Earned surplus		518,470.58
Total		$29,419,482.26

In Application No. 31032 filed with the Commission on February 20, 1950, applicant reported its estimated expenditures for construction during 1950 as follows:

Telephone		$2,838,310
Water		
San Gabriel Valley	$184,782	
Monterey Peninsula	316,130	
San Diego Bay	333,800	
Total Water		834,712
Total		$3,673,022

Heretofore, the Commission has authorized applicant to issue and sell $875,000 par value of preferred stock and $1,250,000

par value of common stock to meet in part its estimated 1950 construction requirements. Applicant now reports that it has need for additional funds to carry on its program, and that it proposes to execute a supplemental indenture creating a new series of bonds and to issue and sell $1,000,000 principal amount thereof for this purpose.

The proposed bonds are designated First Mortgage Bonds, 3% Series due 1979. They will bear interest at the rate of 3% per annum, will mature March 1, 1979, and will be redeemable at the option of the company at the principal amount thereof and accrued interest, plus a premium of 4% to and including March 1, 1951; of 3-1/2% thereafter to and including March 1, 1955; of 3% thereafter to and including March 1, 1959; of 2-1/2% thereafter to and including March 1, 1963; of 2% thereafter to and including March 1, 1967; of 1-1/2% thereafter to and including March 1, 1971; of 1% thereafter to and including March 1, 1975; of 1/2% thereafter to and including March 1, 1978, and thereafter without premium. Applicant reports that it has made arrangements to sell the bonds at 99-1/2% of their principal amount plus accrued interest.

A review of the application clearly indicates that applicant will have need for the proceeds from the sale of said bonds to enable it to proceed with its construction program. Accordingly, an order will be entered.

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

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the issue of the bonds herein authorized is reasonably required by applicant for the purposes specified herein; and that the expenditures for such purposes, other than accrued interest, are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,
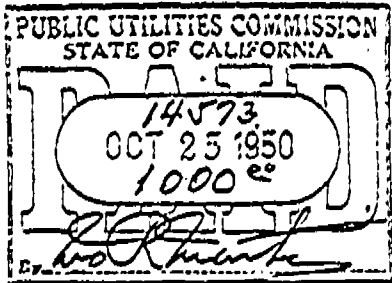
IT IS HEREBY ORDERED as follows:

1. California Water & Telephone Company, after the effective date hereof and on or before December 31, 1950, may execute its Eleventh Supplemental Indenture in substantially the same form as the indenture filed in this proceeding as Exhibit 2.

2. California Water & Telephone Company, after the effective date hereof and on or before December 31, 1950, may issue and sell $1,000,000 principal amount of its First Mortgage Bonds, 3% Series due 1979, at not less than 99-1/2% of their principal amount, plus accrued interest, and use the proceeds, other than accrued interest, for the purposes set forth in this application. The accrued interest may be used for general corporate purposes.

3. Within sixty (60) days after the issue and sale of the bonds herein authorized, California Water & Telephone Company shall file with the Commission a copy of the purchase agreement as actually executed, and a report showing the names of those to whom such bonds were sold, the amount sold to each, and the consideration received, together with a statement showing in some detail the expenses incurred by it in connection with said issue and sale.

4. 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 one thousand ($1,000.00) dollars.

Dated at Los Angeles, California, this __24th__ day of

October, 1950.

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA

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Commissioners