

Decision No. 45928

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application	)	
of	)	
CALIFORNIA WATER & TELEPHONE COMPANY	)	Application
to issue and sell bonds.	)	No. 32524
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	:	

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 of its First Mortgage Bonds, 3-5/8% Series due 1979.

In financing the cost of its properties, applicant heretofore has executed a trust indenture dated as of December 1, 1935, together with subsequent indentures supplemental thereto, and has issued and sold, pursuant to the terms thereof, first mortgage bonds in the aggregate amount of \$13,250,000, in series as follows:

3.60% Series due 1971	\$ 5,850,000
3-1/4% Series due 1971	1,900,000
3% Series due 1971	1,000,000
2-7/8% Series due 1971	1,000,000
3-1/4% Series due 1979	1,000,000
3-1/8% Series due 1979	500,000
3-1/10% Series due 1979	1,000,000
3% Series due 1979	<u>1,000,000</u>
Total	<u>\$13,250,000</u>

Applicant now reports that it has need for funds to enable it to proceed with its construction program, and that it desires to execute a Twelfth Supplemental Indenture creating a new series of bonds, to be known as First Mortgage Bonds, 3-5/8% Series due 1979,

and to sell \$1,000,000 of such new bonds to New York Life Insurance Company and Armour and Company Employees' Pension Fund at their face value plus accrued interest.

Information filed with the Commission shows that applicant estimates gross additions to its plant during 1951 at \$5,343,225, with estimated net additions after giving consideration to costs of removal, plant displaced and salvage recovered, of \$4,554,192, segregated as follows:

Telephone Division -	
Routine estimates	\$ 949,725
Specific estimates -	
Buildings	310,585
Central office equipment	821,600
Station equipment	122,800
Outside plant	1,069,645
Office equipment	7,410
Carry-over from 1950	325,910
Carry-over to 1952	<u>(48,000)</u>
Total Telephone Division	\$3,559,675
Water Division -	
San Gabriel Valley	\$ 244,392
Monterey Peninsula	314,750
San Diego Bay	<u>435,375</u>
Total	<u>\$4,554,192</u>

By Decision No. 45505, dated April 3, 1951, in Application No. 32210, the Commission authorized the company to issue and sell 40,000 shares of common stock at not less than \$27 a share, to pay indebtedness and to meet, in part, the estimated expenditures. It clearly appears that applicant will have need for additional funds from external sources to finance construction costs and that the Commission is warranted in authorizing the issue and sale of the bonds as outlined in this proceeding. At the conclusion of the proposed financing, including the issue of the shares of stock heretofore authorized, applicant's capital structure will consist of 50% bonds, 3% debentures, 17% preferred stock and 30% equity capital.

At a later date applicant intends to issue and sell additional securities.

ORDER

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 applicant for the purposes specified herein; and that such purposes, except as otherwise authorized, 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 September 30, 1951, may execute a Twelfth Supplemental Indenture in substantially the same form as that filed in this proceeding as Exhibit 2, and may issue and sell \$1,000,000 of its First Mortgage Bonds, 3-5/8% Series due 1979, at not less than their principal amount plus accrued interest.

Applicant shall use the proceeds, other than accrued interest, to pay expenses in connection with the issue and sale of said bonds and to provide funds for carrying on its 1951 construction program and to repay short-term bank loans incurred in connection with such program. The accrued interest may be used for general corporate purposes.

2. Within ninety (90) days after the issue and sale of the bonds herein authorized, applicant shall file with the Commission a copy of the indenture executed under the authority herein granted and a report showing the names of those to whom said bonds

were sold, and the consideration received. Within six (6) months after such issue and sale it shall file a statement showing the expenses incurred in connection therewith, and the account or accounts to which said expenses were charged.

3. 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, which fee is one thousand (\$1,000.00) dollars.

Dated at San Francisco, California, this 10<sup>th</sup> day of July, 1951.

*A. J. ...*  
*Justin F. ...*  
*Harold ...*  
*Robert ...*

Commissioners

