

Decision No. 48385**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 CALIFORNIA WATER & TELEPHONE COMPANY)
 to issue stock.)
 -----)

Application
 No. 34146

O P I N I O N

In this application California Water & Telephone Company reports that it proposes to reduce the par value of its shares of common stock from \$25 each to \$12.50 each. It asks the Commission to make its order authorizing it to issue shares of its common stock of the new par value in exchange for those presently outstanding at the rate of two shares for each one share presently held and to issue its shares of common stock upon conversion of the presently outstanding Cumulative Preferred Stock, \$1.40 Dividend Convertible Series.

Applicant's articles of incorporation now provide for the issue of shares of preferred and common stock of the par value of \$25 each. According to the latest financial statement on file with the Commission, the number of shares outstanding as of November 30, 1952, and the par value of such shares, are as follows:

	<u>Number of Shares</u>	<u>Par Value</u>
Preferred stock -		
\$1.20 series	107,000	\$ 2,675,000
\$1.00 series	22,000	550,000
\$1.25 series	35,000	875,000
\$1.40 convertible series	21,299	532,475
Sub-total	<u>185,299</u>	<u>4,632,475</u>
Common stock	299,241	7,481,025
Total	<u>484,540</u>	<u>\$12,113,500</u>

The shares of the \$1.40 convertible series are convertible into common shares at the rate of one share of common for one share of preferred on or prior to November 1, 1953, thereafter through November 1, 1955, at the rate of 0.9 share of common for each share of preferred, and thereafter through November 1, 1958, at the rate of 0.8 share of common stock for each share of preferred, the conversion privilege expiring on the latter date. The conversion ratios will be adjusted in the event of sales of additional shares of common stock for a consideration per share less than the conversion price in effect immediately prior to the time of such issue or sale.

Applicant reports that in its opinion a reduction in the par value of its shares of common stock will result in a broader market and will assist it in disposing of additional common shares in the future. Accordingly, it proposes to amend its articles of incorporation so as to provide for an authorized capital stock of 1,800,000 shares of the aggregate par value of \$30,000,000, divided into 600,000 shares of preferred of the par value of \$25 each and 1,200,000 shares of common of the par value of \$12.50 each. It proposes thereafter to issue two new shares of common stock for each one share presently outstanding, and upon the conversion of shares of its \$1.40 dividend convertible series, to issue two shares of its proposed \$12.50 par value stock in lieu of each share of the \$25 par value common stock which otherwise would be issuable. The proposed amendment to the articles of incorporation will provide that each share of common stock will have one vote and each share of preferred stock will have two votes.

A copy of the proposed amendment to the articles of incorporation has been filed in this proceeding as Exhibit A.

O R D E R

The Commission has considered the above entitled matter and is of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, and that the issue of the shares of common stock herein authorized is reasonably required by applicant for the purpose specified herein; therefore,

IT IS HEREBY ORDERED as follows:

1. California Water & Telephone Company, on and after the date hereof, may issue its shares of common stock of the par value of \$12.50 each to its present stockholders in exchange for shares of common stock of the par value of \$25 each outstanding, and may issue its shares of common stock upon conversion of its Cumulative Preferred Stock, \$1.40 Dividend Convertible Series, in the amounts and upon the terms set forth in this application.

2. Applicant shall charge the expense of effecting the conversion of its shares of common stock to its corporate surplus account.

3. The authority herein granted is effective on and after the date hereof.

Dated at San Francisco, California, this 24th day of March, 1953.

A. J. Dunderberg
President

Justin F. Calmes

Harold H. Hule

Samuel H. Patten

Robert L. ...
Commissioners