



May 31, 1953, which have not been paid or provided by the issue of securities amount to \$5,941,034.05, and that it has need to reimburse its treasury in order to improve its cash position and to provide funds to enable it to continue with its 1953 construction program. In Exhibit 1 it reports its estimated expenditures for additions, extensions and improvements during 1953 at \$5,265,000, segregated as follows:

Enlargement, replacement and extension of water distribution and transmission facilities	\$ 700,000
Hydrants, meters and service connections	240,000
Additions to central office equipment	1,400,000
Telephone instruments, private branch exchanges and special station apparatus	800,000
Aerial and underground cable and wire additions and replacements	1,800,000
Telephone building additions	<u>325,000</u>
Total	<u>\$5,265,000</u>

The record shows that the proposed sale of shares of common stock should complete applicant's external financing of its 1953 program. Its capital ratios as of May 31, 1953, and as adjusted to give effect to the proposed issue, are as follows:

	<u>May 31, 1953</u>	<u>Pro Forma</u>
Bonds	44.5%	42.3%
Debentures	<u>8.5</u>	<u>8.1</u>
Sub-total	53.0	50.4
Preferred stock	13.1	12.5
Equity capital	<u>33.9</u>	<u>37.1</u>
Totals	<u>100.0%</u>	<u>100.0%</u>

Subject to receiving authorization from the Commission, applicant proposes to sell its shares of stock to a syndicate headed by Blyth & Co., Inc. and accordingly it seeks exemption from the Commission's competitive bidding rule. The testimony shows that the market price of applicant's presently outstanding shares of common stock recently has been \$14.625 and that tentatively it is proposed for the new block to be sold to underwriters at \$14.25 a share and

offered to the public at \$15. A witness called by applicant indicated that in his opinion the proposed issue is not a suitable subject for competitive bidding in that its size would not invite general underwriting interest and he stated that he had no record of other issues of similar size having been offered for sale recently under competitive bidding arrangements. The witness testified that it is of importance to applicant for its shares to be marketed as much as possible in its service area and that he felt such a local distribution more likely could be obtained by a negotiated sale to underwriters who have placed its earlier issues and who are familiar with its operations.

Upon the record made in this particular proceeding, we are warranted in exempting the proposed issue from competitive bidding and in making an order authorizing the issue and sale of the shares of stock under the terms set forth in this application.

#### O R D E R

A public hearing having been held on the above entitled matter, and the Commission having considered the evidence and being of the opinion that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for by the issue of the shares of stock herein authorized is reasonably required by applicant for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. The issue by California Water & Telephone Company of 120,000 shares of its common stock of the par value of \$12.50 each hereby is exempted from the requirements of the Commission's competitive bidding rule set forth in Decision No. 38614, dated January 15, 1946.

2. California Water & Telephone Company, on and after the effective date hereof and on or before December 31, 1953, may issue and sell said 120,000 shares of common stock at not less than \$14.25 a share.

3. California Water & Telephone Company shall use the proceeds to be received through the issue and sale of said shares of common stock for the purpose of paying expenses incident to the issue thereof, of reimbursing its treasury, of paying short-term bank loans and of financing, in part, its 1953 construction expenditures.

4. Within 60 days after the issue and sale of said shares of common stock, applicant shall file with the Commission three copies of its prospectus and a report showing the amount of stock sold, the price at which sold and the names of those to whom sold.

5. Within six months after the issue and sale of said shares of stock, applicant shall file with the Commission a statement showing in some detail the expenses incurred by it in connection with such issue and sale and the account, or accounts, to which such expenses were charged, together with a statement showing the purposes for which the proceeds were used.

6. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this 28<sup>th</sup> day of July, 1953.

A. J. [Signature]  
President

Justin J. [Signature]  
Harold [Signature]

[Signature]

Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.