

Decision No. 48977

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
WHITTIER WATER COMPANY for an order  
Authorizing the Issuance and Disposal  
of Preferred Stock.

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Application  
No. 34581  
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O P I N I O N

Whittier Water Company has filed this application for authorization to issue 10,000 shares of its Class B, 3% cumulative preferred stock, of the par value of \$50 each, in exchange for consumers' advances for construction.

The application shows that applicant has been experiencing a rapid growth in its operations, that the number of consumers attached to its lines increased from 1,740 at the close of 1949 to 9,683 at the close of 1952 and to 10,921 at the close of May, 1953, and that additional subdivisions now are being opened in its service area. It appears that applicant has met a portion of the capital costs necessary to serve the additional consumers with moneys representing refundable advances from subdividers and that as of May 31, 1953, such advances aggregated \$711,783.86, with prospective additional advances as a result of new subdivisions now being negotiated in the amount of \$80,000.

Because of the rapidity with which subdivisions are being occupied, applicant is required under existing arrangements to make substantial annual outlays of cash for refunding of advances. In order to relieve itself of these continuing obligations, applicant heretofore, under authorization granted by the Commission, issued

6,037 shares (\$301,850 par value) of Class B, 3% cumulative preferred stock in exchange for advances at dollar for dollar. It now is of the opinion that it can convert at least \$500,000 of additional advances into shares of Class B stock, and it is making this application for authorization to do so.

In urging the Commission to grant its request, applicant asserts that it would be in the interests of the public as well as itself if it were to be permitted to obtain a substantial volume of low-dividend rate capital, as now proposed, and to develop a broader base of equity capital in its structure in order to facilitate debt financing in the future. As of May 31, 1953, it appears that applicant had outstanding long-term debt in the principal amount of \$786,825, preferred stock in the amount of \$476,850, and common stock equity in the amount of \$868,724. The Commission is informed that at this time applicant is contemplating additional debt financing.

Upon reviewing this matter we are of the opinion that we should enter an order at this time granting applicant's request.

#### ORDER

The Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary, 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 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. Whittier Water Company, on and after the effective date hereof and on or before June 30, 1954, may issue not exceeding 10,000 shares of its Class B, 3% cumulative preferred stock in exchange, at dollar for dollar, for consumers' advances for construction.

2. Applicant shall file with the Commission monthly 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 20 days after the date hereof.

Dated at San Francisco, California, this 18<sup>th</sup> day of August, 1953.

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President

James F. Casner  
Harold P. Hale  
John E. McNeill

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Commissioners