

ORIGINAL

Decision No. 50265

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
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PACIFIC WATER CO., a California corporation, for authority under Section 816 of the Public Utilities Code to amend its Articles of Incorporation to make its Preferred Class C shares cumulative.)	Application No. 35523
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OPINION AND ORDER

In this application Pacific Water Co. seeks the Commission's approval of a proposed amendment to its articles of incorporation with respect to its Preferred Class C shares of stock.

Applicant is a California corporation organized on June 3, 1953, with an authorized capital stock of 1,100,000 shares segregated as follows:

Preferred Class A, 6%, \$10 par	10,000
Class B, 5%, \$10 par	60,000
Class C, 3%, \$10 par	<u>30,000</u>
Total preferred	100,000
Common, \$1 par	<u>1,000,000</u>
Total	<u>1,100,000</u>

The holders of the Preferred Class A shares and the Preferred Class B shares are entitled to cumulative dividends at the rates indicated. The holders of the Preferred Class C shares are entitled to noncumulative dividends at the rate of 3% per annum. Heretofore, applicant has requested and has received from the Commission authorization to issue 7,046 of its Preferred Class C shares (\$70,460 par value), and it has pending an application for

authorization to issue 1,860 additional shares of this class. It was the intention of applicant, in setting up its stock structure, to use its Preferred Class C shares primarily for the purpose of paying for main extensions in territories adjoining or within its certificated areas if the subdivider requesting the main extension desired shares of such stock instead of reimbursement under the main extension rule.

Applicant reports that it has encountered difficulties in the use of Preferred Class C shares because the dividends are not cumulative. Accordingly, its directors and its shareholders have authorized an amendment to its articles of incorporation which will provide that the holders of such Preferred Class C shares will be entitled to receive annual cumulative dividends at the rate of 3% per annum, such dividends to be paid after cumulative dividends have been paid on the Preferred Class A shares and the Preferred Class B shares. Applicant proposes to reissue its shares of Preferred Class C stock with the new preferences stated on the reverse side of the certificates.

The Commission has considered this matter, and is of the opinion that a public hearing is not necessary and that an order should be entered; therefore,

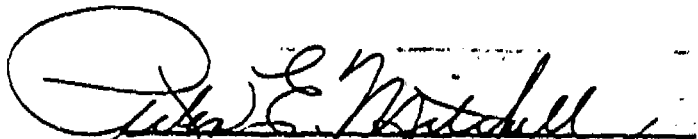
IT IS HEREBY ORDERED as follows:

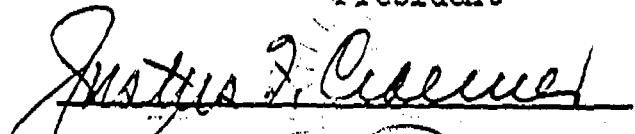
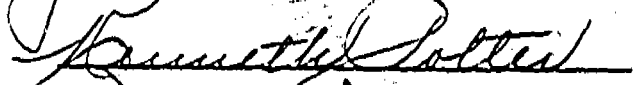
1. Pacific Water Co. may reissue certificates representing its Preferred Class C shares of stock in exchange for the certificates now outstanding, such new certificates to reflect the preferences to be granted by the proposed amendment to the articles of incorporation.

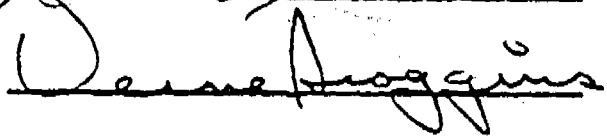
2. Pacific Water Co. shall file with the Commission a certified copy of the certificate of amendment of its articles of incorporation, such filing to be made within 60 days after the filing with the Secretary of State of the State of California.

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

Dated at San Francisco, California, this 13th day of July, 1954.


President



Commissioners