

ORIGINAL

Decision No. 50334

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
	:	
of)	
	:	
CALIFORNIA WATER & TELEPHONE COMPANY)	Application
	:	No. 35488
to issue and sell 80,000 shares of its)	
Cumulative Preferred Stock, \$1.20 Dividend	:	
Series of 1954.)	
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O P I N I O N

In this application California Water & Telephone Company seeks authorization to issue and sell 80,000 shares (\$2,000,000 par value) of its Cumulative Preferred Stock, \$1.20 Dividend Series of 1954.

The shares will constitute a new series of preferred stock. The holders of such shares will be entitled to annual dividends at the rate of \$1.20 a share and, upon redemption, will be entitled to receive the par value of \$25 a share, plus accrued dividends, plus a premium of \$1.50 a share if redeemed on or before July 1, 1959, of \$1.00 a share if redeemed after July 1, 1959, and on or prior to July 1, 1964, and of \$.50 a share if redeemed after July 1, 1964. Subject to receiving authorization from the Commission, applicant proposes to sell said 80,000 shares of such new series to New York Life Insurance Company and The Mutual Life Insurance Company of New York at a price of \$25 a share.

The purpose of the proposed financing is to provide applicant with funds to pay expenses incident to the issue and sale of

the new shares, to reimburse the treasury for moneys expended for plant and facilities, and to repay short-term bank loans. The application shows that up to April 30, 1954, applicant had expended for capital purposes \$4,762,758 of treasury funds which had not been provided through the sale of securities and that applicant is engaged in a construction program which will call for expenditures of approximately \$6,500,000 in 1954.

In Application No. 35033, which was filed with the Commission on January 8, 1954, applicant outlined its 1954 construction plans. It estimated that it would be able to generate about \$1,000,000 from internal sources to meet part of its \$6,500,000 program and it sought and received permission in that proceeding to sell 120,000 shares (\$3,000,000 par value) of convertible preferred stock to finance a portion of the estimated costs. At that time it reported it would engage in additional financing later in the year as it proceeded with its plant expansion.

It appears that applicant has need for additional funds to meet its capital requirements and that market conditions are favorable for the sale of preferred shares at this time. Applicant's capital ratios as of December 31, 1953, as adjusted to give effect to the earlier 1954 issue of convertible preferred stock and to subsequent conversions, and its pro forma ratios including the presently proposed issue, are as follows:

	<u>Dec.1953 Adjusted</u>	<u>Pro Forma</u>
Long-term debt -		
Bonds	38.5%	36.6%
Debentures	<u>7.4</u>	<u>7.1</u>
Total long-term debt	45.9	43.7
Preferred stock	16.1	20.1
Common stock equity	<u>38.0</u>	<u>36.2</u>
Totals	<u>100.0%</u>	<u>100.0%</u>

Upon the basis of the information submitted in this proceeding we are of the opinion that the money, property or labor to be procured or paid for by the issue and sale 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. Accordingly, we will enter an order granting applicant's request.

O R D E R

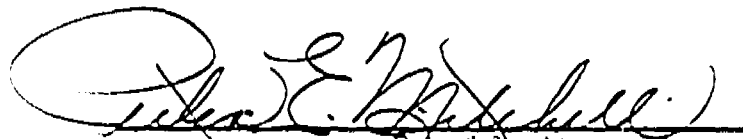
The Commission having considered the above entitled matter, and being of the opinion that a public hearing is not necessary and that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

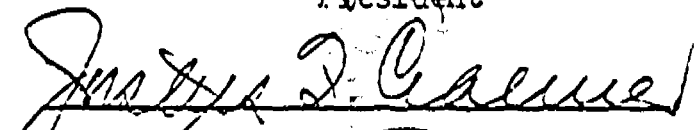
1. California Water & Telephone Company may issue and sell 80,000 shares of its Cumulative Preferred Stock, \$1.20 Dividend Series of 1954, on or before December 31, 1954, at not less than \$25 a share, and use the proceeds for the purposes set forth in this proceeding.
2. California Water & Telephone Company 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 upon the date hereof.

Dated at Los Angeles, California, this 27th day of July, 1954.



President







Commissioners