

Decision No. 50405

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CALIFORNIA WATER SERVICE COMPANY,)
a corporation,)
for an order authorizing it to)
issue an additional amount of its)
First Mortgage Bonds.)
-----)

Application
No. 35672

O P I N I O N

In this proceeding California Water Service Company seeks authorization to execute a supplemental trust indenture and to issue and sell \$1,500,000 of First Mortgage 3.35% Bonds, Series F, at not less than the principal amount plus accrued interest.

As of April 1, 1928, applicant executed a trust indenture and thereafter, pursuant to its terms and to those of subsequent supplemental indentures, it executed and issued its first mortgage bonds of several series, of which the following remained outstanding as of June 30, 1954:

3-1/4% bonds, Series C, issued 1945-1950	\$17,822,000
3-5/8% bonds, Series D, issued in 1951 and 1953	3,512,000
4-1/8% bonds, Series E, issued in 1953	<u>2,000,000</u>
Total	<u>\$23,334,000</u>

The bonds of all three series will mature on November 1, 1975.

It now appears that applicant desires to execute an Eleventh Supplemental Indenture which, among other things, will define the terms of a new series of bonds to be designated as Series F, to bear interest at the rate of 3.35% per annum, and to mature on November 1, 1979. Subject to receiving authorization from the Commission,

applicant contemplates selling \$1,500,000 of its Series F bonds to Occidental Life Insurance Company of California and Pacific Mutual Life Insurance Company at 100% of their principal amount plus accrued interest. It proposes to use the proceeds to pay bank loans and to reimburse its treasury for a portion of moneys actually expended prior to July 1, 1954, for construction purposes. It reports its bank loans at \$1,200,000 as of June 30, 1954, and its capital expenditures as of that date which have not been paid or provided through the issue of securities, other than the bank loans, at \$3,696,337.

A review of the application shows that at the end of June of this year applicant's current assets amounted to \$1,818,931 and its current liabilities, including its bank loans, to \$2,592,979. The review further shows that applicant is faced with capital expenditures during the last six months of 1954 in the amount of \$1,812,782 and it is clear that it will have need for additional funds to pay indebtedness and to reimburse its treasury in order to improve its current position, and to make provision for additions to its properties. Accordingly, we will enter an order granting its requests.

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 bonds herein authorized is reasonably required by applicant for the purposes specified herein, and that such purposes, except as otherwise authorized, are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. California Water Service Company may execute and deliver a supplemental mortgage of chattels and trust indenture, in, or substantially in, the same form as that filed in this proceeding as Exhibit E.

2. California Water Service Company may issue and sell \$1,500,000 in principal amount of its First Mortgage 3.35% Bonds, Series F, on or before September 30, 1954, at a price of not less than the principal amount plus accrued interest, for the purposes set forth in this application. The accrued interest may be used for such purposes or for general corporate purposes.

3. 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.

4. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$1,250.00.

Dated at San Francisco, California, this 17th day of August, 1954.

John L. Michael
President

Justus F. Casner

Wesley D. Patton

Gene Duggins

Commissioners

