

ORIGINAL

Decision No. 50453

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
CALIFORNIA WATER SERVICE COMPANY,)	
a corporation,)	Application
)	No. 35683
for an order authorizing it to issue)	
an additional amount of its preferred)	
stock.)	
-----)	

O P I N I O N

This is an application for an order of the Commission authorizing California Water Service Company to issue and sell not to exceed 60,000 shares of its cumulative preferred stock, of the aggregate par value of \$1,500,000.

The application shows that from time to time applicant has created and has issued shares of several series of preferred stock, of which there were outstanding at the close of June, 1954, the following:

Series C, 4.4%	\$3,475,000
Series D, 5.3%	719,025
Series E, 5.28%	502,425
Series F, 5.36%	659,200
Series G, 5.2%	604,275
Series H, 5.2%	<u>523,700</u>
Total	<u>\$6,483,625</u>

The outstanding shares of preferred stock, of the par value of \$25 each, are nonparticipating but are preferred as to assets and cumulative dividends at the rates indicated. The shares of Series D, E, F, G and H are convertible into shares of common stock.

Applicant now is taking steps to provide for a new series of preferred shares to be designated as Series I and to have dividend, redemption and other provisions as may hereafter be determined. Subject to receiving authorization from the Commission, it proposes to sell 60,000 shares of such new series by means of a negotiated underwriting and it reports that when the underwriting arrangements have been concluded and the variable factors determined, it will file a supplemental application in this matter setting forth such information and requesting a final order of the Commission.

From a review of the proceeding, it appears that applicant presently has outstanding bank loans in the total amount of \$1,200,000 and that it is faced with additional capital expenditures during the last six months of the year in the amount of \$1,812,782. The Commission heretofore has authorized applicant to issue and sell \$1,500,000 in principal amount of first mortgage bonds to provide a portion of the amount necessary to enable applicant to liquidate its short-term indebtedness and to reimburse its treasury for construction expenditures, and it appears from the information now before us that applicant will have need for the additional funds from the sale of its shares of preferred stock to complete its 1954 financing.

Applicant's capital ratios as of June 30, 1954, and as adjusted to give effect to the proposed issues of the bonds and shares of preferred stock are as follows:

	<u>June 30, 1954</u>	<u>Pro Forma</u>
Long-term debt	51%	51%
Preferred stock	14	16
Equity capital	<u>35</u>	<u>33</u>
Totals	<u>100%</u>	<u>100%</u>

On the basis of the information contained in the verified application it appears to us that we are warranted in making a preliminary order at this time authorizing applicant to issue its shares of preferred stock.

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, 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,

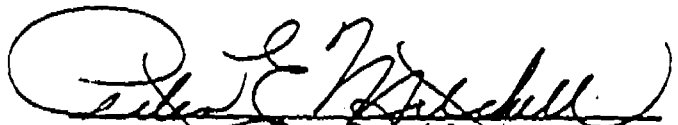
IT IS HEREBY ORDERED as follows:

1. California Water Service Company may issue and sell not exceeding 60,000 shares of its Cumulative Preferred Stock, Series I, on or before December 31, 1954, at a price to be fixed by the Commission in a supplemental order.
2. California Water Service Company shall use the proceeds to be received through the issue and sale of said 60,000 shares of preferred stock, after payment of expenses incident to the issue, to reimburse its treasury and to finance the cost of additions to its plants and properties.
3. Within 60 days after the sale of the shares of stock under the authorization herein granted, California Water Service


Company shall file with the Commission a statement showing the name or names of those to whom said shares were sold, the price at which they were sold and the date when they were sold, together with a report showing, in general, the purposes for which the proceeds were used.


4. The authority herein granted will become effective when the Commission has entered a supplemental order fixing the price at which said shares may be sold.

Dated at San Francisco, California, this 24th day of August, 1954.



President





Commissioners