

**ORIGINAL**

Decision No. 61853

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
CALIFORNIA WATER & TELEPHONE COMPANY  
to issue and sell bonds

Application No. 43221  
Filed March 10, 1961

O P I N I O N

California Water & Telephone Company has filed this application for authorization to execute a supplemental indenture and to issue and sell \$1,750,000 of bonds.

The bonds will constitute a new series and will be designated as First Mortgage Bonds, 5% Series due 1991. The bonds will be callable at the option of the company at an initial premium of 5% prior to November 1, 1966, and thereafter at annually reducing premiums until November 1, 1990, provided, however, that said bonds may not be redeemed prior to May 1, 1966, directly or indirectly, from, or in anticipation of, any borrowings by the company or the proceeds from the sale of any security of the company. Applicant plans to sell the \$1,750,000 of bonds to Pacific Mutual Life Insurance Company at their face value plus accrued interest to the date of sale.

The purpose of the proposed financing is to provide applicant with funds, after paying estimated expenses of \$10,000 incident to the issue, to reimburse the treasury for moneys expended for construction or improvement of its facilities. The company reports, as shown in some detail in Exhibit A to the application, that its expenditures for plant, as of December 31, 1960, which have not been provided through the sale of securities, but which had been financed with treasury funds, amounted to \$44,583,679.

In support of its request for reimbursement, the company has submitted its financial statements and construction estimates which indicate, among other things, that as of December 31, 1960, its current assets amounted to \$8,313,409 as compared with current liabilities of \$9,002,680 and that its capital expenditures for plant are expected to aggregate \$13,682,000 during 1961. A condensed balance sheet, as of the end of 1960, prepared from Exhibit A, is as follows:

Assets and Debit Balances

Fixed capital, including construction work in progress	\$110,743,253
Other investments	2,444,429
Current assets	8,313,409
Deferred debits	895,738
<b>Total</b>	<b><u>\$122,396,829</u></b>

Liabilities and Credit Balances

Current liabilities	\$ 9,002,680
Long-term debt	42,650,000
Advances for construction	1,825,978
Contributions for construction	2,546,978
Deferred credits	454,373
Reserve for depreciation	13,232,282
Preferred stock	10,944,275
Common stock equity -	
Common stock	\$25,098,100
Premium on stock	9,452,515
Surplus	7,189,648
<b>Total common stock equity</b>	<b><u>41,740,263</u></b>
<b>Total</b>	<b><u>\$122,396,829</u></b>

The company's capital ratios as of December 31, 1960, and as adjusted to give effect to the proposed bond issue, are as follows:

	<u>Dec. 31, 1960</u>	<u>Pro Forma</u>
Long-term debt	45%	46%
Preferred stock	11	11
Common stock and surplus	<u>44</u>	<u>43</u>
<b>Total</b>	<b><u>100%</u></b>	<b><u>100%</u></b>

From a review of the application and an analysis of the exhibits, we find and conclude (1) that applicant has invested in its assets funds which are represented by retained earnings and depreciation reserves in excess of the proposed

reimbursement; (2) that applicant has need for additional funds from external sources to reimburse its treasury in order that it might improve its current position and meet its capital requirements; and (3) that the terms of the proposed bond issue are not adverse to the public interest and that applicant will be required to pay a lower interest rate than it would in the absence of a restricted redemption provision and that the ensuing lower financial requirements will inure to the benefit of the consumers.

On the basis of these findings and conclusions, we will enter an order granting the application. The approval thus given is for the issue of bonds and is not to be construed as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

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 money, property or labor to be procured or paid for by the issue of the bonds herein authorized is reasonably required 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 ORDERED -

1. That California Water & Telephone Company, on or after the effective date hereof and on or before September 30, 1961, may execute and deliver its Nineteenth Supplemental Indenture in, or substantially in, the same form as the proposed indenture filed in this proceeding and may issue and sell not to exceed \$1,750,000 principal amount of First Mortgage Bonds, 5% Series due 1991, at not less than their face value, plus accrued interest, and use the proceeds in the manner and for the purposes set forth in this application.

2. That California Water & Telephone Company shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

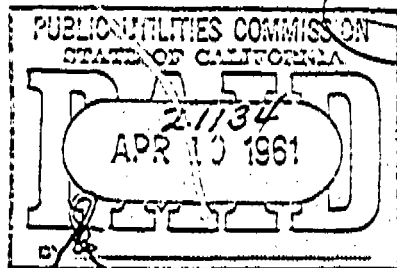
3. That the authority herein granted will become effective when California Water & Telephone Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$1,375.

Dated at San Francisco, California,  
 this 19th day of April, 1961.

*[Signature]*  
 President

*[Signature]*

*[Signature]*



Commissioners