

ORIGINALDecision No. 62970

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of THE CAMPBELL WATER COMPANY,

a California corporation, for an
order authorizing it to issue and
sell not to exceed 2,800 common
shares, \$25 par value, at a price
of not less than \$35 per share.

Application No. 43946
Filed November 22, 1961

O P I N I O N

The Campbell Water Company has filed this application for authorization to issue not to exceed 2,800 shares of its common stock.

The company proposes to sell its shares, for cash, at not less than \$35 each and to use the proceeds, amounting to not less than \$98,000 at that price, to finance construction costs during 1962 estimated as follows:

| | |
|-------------------------------------|-----------------|
| Land - | |
| Alvernas well site | \$ 5,000 |
| Payne well site | 9,000 |
| Right of way | 1,000 |
| Wells - | |
| 3 Test holes | 4,500 |
| 2 Wells | 24,000 |
| Pumping equipment - | |
| Well pumps and equipment | 20,000 |
| Booster pump | 4,000 |
| Miscellaneous equipment | 2,000 |
| Transmission and distribution mains | 15,250 |
| Meters | 8,500 |
| Contingencies | <u>4,750</u> |
| Total | <u>\$98,000</u> |

As to the expenditures for transmission and distribution mains, we are informed that no part of the estimated amount represents line extensions which should be financed with refund contracts. The expenditures are reported to be for transmission mains and for improvement of existing distribution lines.

Applicant's common shares have a par value of \$25 each and a book value, on the basis of recorded balance sheet figures as of October 31, 1961, of approximately \$35 each. During the last five years dividends have been paid at the rate of \$1.25 a share for 1956 through 1959, inclusive, and at the rate of 62-1/2 cents in 1960, plus a 100 per cent stock dividend.

The company reports that it desires to obtain capital funds at this time through the issue and sale of additional common shares, rather than from some other form of securities, in order to improve its capital structure. Its capital ratios as of October 31, 1961, and as adjusted to give effect to the proposed financing are indicated in the following tabulation:

| | <u>October 31, 1961</u> | <u>Pro Forma</u> |
|---------------------------|-----------------------------|------------------|
| Mortgage notes | 20% | 18% |
| Advances for construction | 43 | 39 |
| Preferred stock | 5 | 5 |
| Common stock equity | <u>32</u> | <u>38</u> |
| Total | <u>100%</u> | <u>100%</u> |

We have given consideration to this application and we find and conclude that a public hearing is not necessary, that the application should be granted, that the money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

The authorization herein granted is for the issue of stock only and is not to be construed as indicative of amounts to be included in a future rate base for the determination of just and reasonable rates.

O R D E R

The Commission having considered the above-entitled matter and being fully advised in the premises,

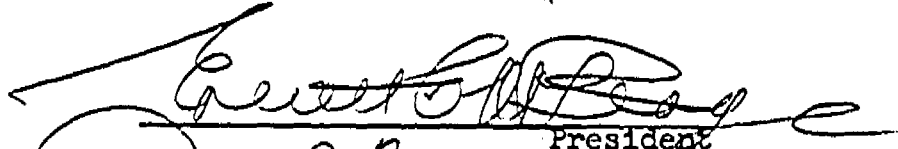
IT IS ORDERED that -

1. The Campbell Water Company, on or after the effective date hereof and on or before September 30, 1962, may issue and sell not to exceed 2,800 shares of its common stock, for cash, at and for a price of not less than \$35 a share for the purpose of financing, in part, its 1962 construction expenditures.

2. The Campbell Water 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.

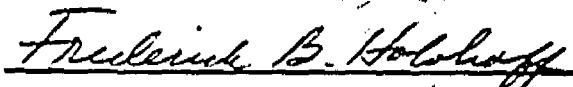
3. The effective date of this order shall be 20 days after the date hereof.

Dated at San Francisco, California,
this 27th day of December, 1961.



President





Commissioners

C. Lyn Fox
Commissioner ~~.....~~, being
necessarily absent, did not participate
in the disposition of this proceeding.