

ORIGINAL

63285

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CALIFORNIA WATER & TELEPHONE COMPANY
to issue stock.

Application No. 44133
Filed January 26, 1962

O P I N I O N

California Water & Telephone Company has filed this application for authorization to issue shares of common stock to effect a split of its present shares of common stock on a two-for-one basis.

As of January 2, 1962, applicant had outstanding 2,062,442 shares of common stock and 69,227 shares of preferred stock, of two series, which are convertible into common shares at the option of the holders. The presently outstanding common shares have a par value of \$12.50 each, a book value on the basis of its October 31, 1961 balances of approximately \$22 each and they were quoted on the over-the-counter market on February 5, 1962, at 45 bid, 48 asked. Dividends were paid during 1957 and 1958 at the rate of 9.60% of the par value, during 1959 at 9.76%, during 1960 at 10.56%, and during 1961 at 10.88%.

Applicant has concluded that the change in par value of its common shares from \$12.50 to \$6.25, and the reduction in the market price, will result in a broader interest in its shares and will assist it in disposing of additional offerings in the future. For these reasons, it is taking steps to amend its Articles of Incorporation so as to increase the authorized common shares from 3,000,000 shares of the par value of \$12.50 each to 7,000,000 shares of the par value of \$6.25, to change the par value of each outstanding common share from \$12.50 to \$6.25, and to issue to the holders of such presently outstanding shares one share of the new \$6.25 par value stock for each common share held and, upon conversion of the convertible series of preferred shares, to issue two of the new \$6.25 par value common shares instead of one \$12.50 par value common share which otherwise would be issuable. Because of this convertible feature the exact number of common shares to be issued cannot be stated at this time.

The Commission has considered this application and finds and concludes that the reclassification of the shares of stock will not be adverse to the public interest, that the proposed issues of shares of stock are for proper purposes, and that the money, property or labor to be procured or paid for by the issue of such shares is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

An order will be entered granting the application. The approval indicated herein is for the purpose of this proceeding only and is not to be construed as a finding of value of applicant's shares of stock or properties 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 and that the application should be granted,

IT IS ORDERED that -

1. California Water & Telephone Company, for the purposes specified in this application and as a result of its stock split and amendment to its Articles of Incorporation, may issue such number of shares of the new \$6.25 par value common stock, as may be required, for each share of the \$12.50 par value common stock outstanding on the effective date of said split and for conversion of the presently outstanding shares of applicant's Cumulative Preferred Stock, \$1.24 Dividend Convertible Series and its Cumulative Preferred Stock, \$1.32 Dividend Convertible Series.

2. California Water & Telephone Company shall file with the Commission, on or before June 30, 1962, a certified copy of its Articles of Incorporation as amended to reflect the reclassification of its shares of stock and, also, a statement showing the exact number of new shares of the par value of \$6.25 which it issued to the holders of the outstanding \$12.50 par value common shares.

3. When shares of applicant's convertible series of preferred stock are surrendered for conversion applicant shall file a report showing the date of issue and the number of common shares issued to effect such conversions.

4. The authority herein granted shall become effective 20 days after the date hereof.

Dated at San Francisco, California,
this 20th day of FEBRUARY, 1962.

Charles W. Rose
President
W. E. Mitchell
E. Lynn Fox
Frederick B. Holleroff

Commissioners

Commissioner George G. Grover, being necessarily absent, did not participate in the disposition of this proceeding.