

ORIGINAL

Decision No. 63789

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of
Southern California Water Company
for authority to issue shares of
its stock.

Application No. 44391
Filed April 27, 1962

O P I N I O N

This is an application for an order of the Commission authorizing Southern California Water Company to issue shares of common stock.

By Decision No. 55054, dated June 4, 1957, in Application No. 38946, the Commission authorized Southern California Water Company to issue and sell not to exceed 30,000 shares of its common stock pursuant to the terms of an Executive Employee Stock Option Plan and to use the proceeds to finance the cost of properties and to pay indebtedness.

The plan provides, among other things, that the shares would be sold at a price of \$15.50 each, or 105 percent of the market value at the time of the grant of the options, whichever is greater, and that the number of shares covered by the options would be proportionately adjusted in the event of any subsequent stock split, stock dividend or other capital adjustment. The present application shows that 6,205 shares

of the 30,000 shares authorized remain unissued, that the company in 1962 split its common shares on a three-for-two basis, and that it is necessary, therefore, to increase the number of the unissued shares covered by the Executive Employee Stock Option Plan by 3,102 shares, disregarding fractional shares, in order to compensate for the stock split. The company's Board of Directors has taken the appropriate steps to increase the total number of shares subject to the plan from 30,000 to 33,102 and to reduce the option price to two-thirds of the original price.

We find and conclude that the application should be granted. In entering our order in this proceeding, however, we again place applicant on notice that we will not regard the dividends it pays on its common shares in determining the rate of return it should be allowed to earn nor will we regard the price at which it sells its shares as measuring the value of such shares or of its properties. The authorization herein granted is for the issue of securities 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 determined that a public hearing is not necessary and being of the opinion 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; therefore,

IT IS ORDERED that -

1. Ordering Paragraph 1 of the Order in Decision No. 55054, dated June 4, 1957, in Application No. 38946, hereby is amended so as to permit Southern California Water Company to issue, from time to time, such additional number of common shares, in excess of the original authorization of 30,000 shares, which may be required under and in accordance with the terms of the company's Executive Employee Stock Option Plan.

2. Southern California Water Company shall use the proceeds from the sale of such common shares for the acquisition of properties, or for the construction, completion, extension and improvement of its facilities, or for the payment of indebtedness.

3. Southern California 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.

4. The authority herein granted shall become effective on the date hereof.

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

Lawrence R. Rago
President

John E. Mitchell

S. Lynn Fox

Friedrich B. Halbach

Commissioners