

ORIGINAL

Decision No. 64321

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 its
securities.

Application No. 44781
Filed September 14, 1962

O P I N I O N

Southern California Water Company has filed this application for authorization to issue and sell 80,000 shares of its preferred stock, of the aggregate par value of \$2,000,000, and \$3,000,000 of its first mortgage bonds, for cash, at their par or face value, to a group of institutional investors.

The company reports that it has borrowed \$4,600,000 on short-term notes for temporary financing of its capital additions, that it now desires to refinance its borrowings, and that it proposes to use the proceeds from the sale of its preferred shares and its bonds to liquidate such indebtedness and to finance, in part, its construction expenditures during the last four months of 1962. In Exhibit D annexed to the application, it sets forth estimated expenditures during this period at \$1,175,100.

The preferred shares, which will have a par value of \$25, will constitute a new series. They will be entitled to cumulative dividends at the rate of 5% per annum, will be redeemable at the option of the company, in whole or in part, at \$26.25 a share during the first five years and thereafter at decreasing premiums, provided, however, that no such optional redemption may be made during the first five years as a part of any refunding or anticipated refunding operation by the application, directly or indirectly, of funds derived from the sale of debt securities or preferred shares at a cost of money to applicant of less than 5%.

The bonds, also, will constitute a new series and will be designated as First Mortgage Bonds, 4-3/4% Series. They will be dated October 1, 1962, will mature October 1, 1992, and will be redeemable, at the option of the company, at an initial premium of 4-3/4% during the twelve months ending September 30, 1963, and thereafter at annually decreasing premiums, subject to similar five-year restricted redemption provisions.

We have considered this matter and are of the opinion, and so find, (1) that a public hearing is not necessary; (2) that applicant will have need for additional funds from external sources to enable it to meet its obligations and to proceed with its construction program; (3) that the inclusion of five-year restricted redemption provisions in the terms of its securities will

enable applicant to secure funds at a lower cost than it otherwise would; and (4) that an order granting the application is warranted.

The authority herein granted is for the issue and sale of securities only 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 has considered the above-entitled matter and is of the opinion that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for by the issue and sale of the preferred shares and bonds herein authorized is reasonably required by applicant 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 that -

1. Southern California Water Company, on or after the effective date hereof and on or before December 31, 1962, may issue and sell, at par for cash, not to exceed 80,000 shares of its Preferred Stock, 5% Series.

2. Southern California Water Company, on or after the effective date hereof and on or before December 31, 1962, may execute a supplemental indenture in the same form, or substantially in the same form, as the indenture filed in this proceeding as Exhibit C.

3. Southern California Water Company, on or after the effective date hereof and on or before December 31, 1962, may issue and sell not to exceed \$3,000,000 in principal amount of its First Mortgage Bonds, 4-3/4% Series, at not less than their principal amount, plus accrued interest.

4. Southern California Water Company shall use the proceeds from the sale of its preferred shares and bonds for the payment of outstanding bank loans and for the financing of capital additions to its plants and properties. The accrued interest may be used for such purposes or for general corporate purposes.

5. Southern California Water Company shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

6. The authority herein granted will become effective when Southern California Water Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$600.

Dated at San Francisco, California,
this 2nd day of OCTOBER, 1962.

George H. Crover
President
John E. B. Smith
Arvid W. Berg
Frederic B. Hellhoff
Commissioners

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

