

ORIGINALDecision No. 71587

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CALIFORNIA)
 CONSOLIDATED WATER COMPANY, INC.,)
 a California corporation, to) Application No. 48908
 issue and sell Preferred Stock.) Filed October 31, 1966

O P I N I O N

This is an application for an order of the Commission authorizing California Consolidated Water Company, Inc. to issue and sell 2,500 shares of its \$100 par value 6.25% Cumulative Preferred Stock for an aggregate consideration of \$250,000.

Applicant is a California corporation owning and operating public utility water systems located in Santa Barbara and San Luis Obispo Counties, and is a wholly owned subsidiary of Consolidated Water Company, a Delaware corporation.

The corporation's capital ratios as of June 30, 1966, and as adjusted to give effect to the proposed preferred stock issue, as computed from Exhibit VI attached to the application, are as follows:

	<u>June 30, 1966</u>	<u>Pro Forma</u>
First mortgage bonds	33.1%	29.6%
Advances for construction	30.1	26.9
Preferred stock	-	10.6
Common stock equity	<u>36.8</u>	<u>32.9</u>
Total	<u>100.0%</u>	<u>100.0%</u>

Applicant reports that short-term notes outstanding as of June 30, 1966, aggregated \$265,328, the proceeds of which were used for property acquisitions and capital improvements.

In this proceeding the company seeks authority to issue and sell 2,500 shares of its \$100 par value, 6.25% Cumulative Preferred Stock to Pacific Mutual Life Insurance Company, at par, for a cash consideration of \$250,000.

Applicant proposes to apply the proceeds toward (a) defraying estimated expenses of \$12,250 related to the stock issue, (b) increasing working capital by an estimated \$2,422, and (c) retiring short-term notes to the extent of funds remaining from the stock issue.

The Commission has considered this matter and finds that: (1) the proposed stock issue is for proper purposes; (2) applicant has need for funds from an external source for reducing its short-term indebtedness; (3) the money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purposes specified herein; and (4) such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

In issuing our order herein, we place applicant and its shareholders on notice that we do not regard the number of shares outstanding, the total par value of the shares nor the dividends paid as measuring the return applicant should be allowed to earn on its investment in plant and that the authorization herein given is not to be construed as a finding of the value of applicant's stock or properties nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. California Consolidated Water Company, Inc., on or after the date hereof and on or before March 31, 1967, may issue and sell not to exceed 2,500 shares of its 6.25% Cumulative Preferred Stock for cash at their par value of \$100 per share, and shall use the proceeds for the purposes specified in this proceeding.

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

3. The effective date of this order is the date hereof.

Dated at San Francisco, California, this 29th day of NOVEMBER, 1966.

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner George G. Grover did not participate in the disposition of this proceeding.

Friedrich B. Holhoff
President

William W. Dennis
Wyzem

Commissioners