

Decision No. 82063

ORIGINAL

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)
and sell not exceeding 30,000)
of its \$100 Preferred Shares,)
7.72% Series.)

Application No. 54370
(Filed October 9, 1973)

O P I N I O N

Southern California Water Company seeks authority to issue and sell 30,000 of its \$100 Preferred Shares, 7.72% Series.

Applicant is a California corporation operating public utility water systems in portions of the Counties of Contra Costa, Imperial, Los Angeles, Orange, Sacramento, San Bernardino and Ventura. In addition, the company provides electric service in the vicinity of Big Bear Lake in San Bernardino County. For the twelve months ended July 31, 1973, the utility reports total operating revenues and net income in the respective amounts of \$16,731,199 and \$2,066,581.

The company proposes to issue and sell to an institutional investor 30,000 of its \$100 Preferred Shares, 7.72% Series, for cash at a price of \$100 per share plus accrued dividends. Said shares would be nonredeemable before December 1, 1978, and restrictions on redemption would apply through November 30, 1983 with redemption premiums applicable through November 30, 1998.

Applicant proposes to use approximately \$2,800,000 of the proceeds to repay bank loans incurred for financing the acquisition of property and for construction, completion, extension or improvement of its facilities. The balance of the

proceeds would be applied directly to said purposes. The utility's reported capitalization ratios at July 31, 1973, and as adjusted to give effect to the proposed preferred stock issue, as summarized from the application, are as follows:

	<u>July 31, 1973</u>	<u>Pro forma</u>
Long-term debt	53%	53%
Bank loans	6	-
Preferred stock	6	12
Common stock equity	<u>35</u>	<u>35</u>
Total	<u>100%</u>	<u>100%</u>

After consideration the Commission finds that:

1. The proposed stock issue would be for proper purposes.
2. Applicant has need for external funds for the purposes set forth in this proceeding.
3. The proposed restricted redemption provisions are reasonable.
4. 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, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

On the basis of the foregoing 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 it should be allowed to

earn on its investment in plant, and that the authorization herein granted is not to be construed as a finding of the value of the company'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. Southern California Water Company, on or after the effective date hereof and on or before March 31, 1974, for the purposes set forth in this proceeding, may issue, sell and deliver not exceeding 30,000 of its \$100 Preferred Shares, 7.72% Series, upon substantially the terms set forth in a Purchase Agreement, a copy of which is attached to the application as Exhibit C.

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

3. This order shall become effective when Southern California Water Company has paid the fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$3,600.

Dated at San Francisco, California, this 30th day of October, 1973.

William L. Johnson
President
William Johnson

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

