

Decision No. 85758

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of)
)
 CALIFORNIA WATER SERVICE COMPANY,)
 a corporation,)
)
 to issue and sell \$4,000,000 principal)
 amount of its First Mortgage Bonds,)
 Series U, and to execute and deliver)
 a Supplemental Mortgage of Chattels)
 and Trust Indenture.)

Application No. 56390
 (Filed April 7, 1976)

O P I N I O N

California Water Service Company seeks authority to issue and sell at private sale not exceeding \$4,000,000 aggregate principal amount of its First Mortgage 9-1/4% Bonds, Series U, and to execute and deliver a Twenty-Sixth Supplemental Indenture.

Applicant is a California corporation engaged in the retail water business in many localities in the State of California from Chico in the north to the Palos Verdes Peninsula in the south. For the year 1975, it reports operating revenues and net income in the respective amounts of \$38,522,148 and \$5,045,490. Its reported capitalization ratios at December 31, 1975, and as adjusted to give effect to the proposed \$4,000,000 bond issue, as set forth in the application, are as follows:

	<u>December 31, 1975</u>	<u>Pro Forma</u>
First mortgage bonds	54.2%	55.7%
Preferred stock	3.1	3.0
Common stock equity	<u>42.7</u>	<u>41.3</u>
Total	<u>100.0%</u>	<u>100.0%</u>

According to the application, the utility's current plans are to issue and sell the new bonds on or about June 15, 1976 and, subject to receipt of required authorization from the Commission, to issue and sell \$3,000,000 par value of preferred stock on or about August 15, 1976.

The company has a tentative commitment from Bankers Life Company for the purchase of the bonds at 100% of their principal amount plus accrued interest. The net proceeds (exclusive of accrued interest which will be used for general corporate purposes) would be used to reimburse applicant's treasury for a portion of moneys actually expended prior to December 31, 1975 for capital improvements.

The proposed bonds would be secured by an existing indenture as heretofore supplemented and as further supplemented by a proposed Twenty-Sixth Supplemental Indenture. The bonds would be dated May 1, 1976, would mature November 1, 2003, and would be subject to a ten-year restricted redemption provision and a sinking fund for redeeming the bulk of them prior to maturity.

After consideration the Commission finds that:

1. The proposed bonds would be for proper purposes.
2. Applicant has need for external funds for the purposes specified in the application.
3. The proposed Twenty-Sixth Supplemental Indenture would not be adverse to the public interest.
4. The money, property or labor to be procured or paid for by the bonds herein authorized is reasonably required for the purposes specified herein, which purposes, except as otherwise authorized for accrued interest, are not, in whole or in part, reasonably chargeable to operating expenses or to income.
5. There is no known opposition and there is no reason to delay granting the relief requested.

On the basis of the foregoing findings we conclude that the application should be granted, and that the effective date of the order should be the date on which applicant pays the prescribed fee. A public hearing is not necessary. The authorization herein granted is for the purpose of this proceeding only, and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

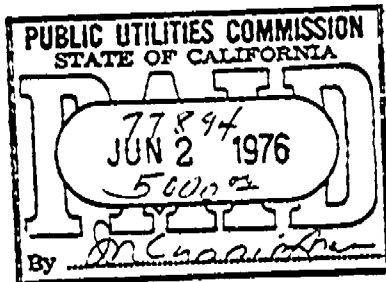
O R D E R

IT IS ORDERED that:

1. California Water Service Company may execute and deliver a Supplemental Mortgage of Chattels and Trust Indenture (Twenty-Sixth Supplemental Indenture) in substantially the same form as Exhibit D, attached to the application.
2. California Water Service Company, on or after the effective date hereof and on or before July 31, 1976, may issue and sell at private sale not exceeding \$4,000,000 aggregate principal amount of its First Mortgage 9-1/4% Bonds, Series U, at a price of not less than the principal amount thereof.
3. California Water Service Company shall use the proceeds from the issuance and sale of said bonds for the purposes set forth in the application.
4. California Water Service 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.

5. This order shall become effective when California Water Service Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$5,000.

Dated at San Francisco, California, this 14 day of May, 1976.



[Signature]
President

[Signature]

[Signature]

[Signature]
Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.