

CACD/CFF

Decision 88 01 034 JAN 28 1988

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application)
of CALIFORNIA WATER SERVICE COMPANY.)
a California corporation, to modify)
Ordering Paragraph 1 of Decision) Application 84-07-039
93847 to increase the number of) (Filed July 12, 1984)
shares and to extend the issuance)
date of the common shares.)
(U-60-W))

SUPPLEMENTAL OPINION

Summary of Decision

This decision grants California Water Service Company (Cal Water) the authority requested in the utility's letter to the Commission dated December 12, 1987.

Background

By Decision (D.)93847 dated December 15, 1981 in Application (A.)61002, the Commission authorized Cal Water to issue up to 150,000 shares of its authorized but unissued Common Stock, par value \$12.50 per share, to implement a Dividend Reinvestment Plan (Plan).

By D.84-09-095 dated September 19, 1984 in A.84-07-039, the Commission modified Ordering Paragraph 1 of D.93847 that authorized Cal Water, among other things, to issue under the Plan up to 242,326 shares of its authorized but unissued Common Stock, par value \$6.25 per share. This authorization was necessary in order to reflect the two-for-one split of Cal Water's outstanding Common Stock that was granted by D.84-03-013 dated March 7, 1984 in A.84-01-055.

Cal Water's letter dated December 12, 1987 states that the company has issued 167,088 shares of Common Stock under the Plan from the 242,326 shares of Common Stock authorized by D.84-09-095.

On October 20, 1987 under authority granted by D.87-09-055 dated September 23, 1987 in A.87-08-022, Cal Water made a two-for-one stock split of its outstanding shares of Common Stock, and also eliminated the par value of its common shares. In order to reflect this recent Common Stock split, Cal Water believes it is appropriate for the Commission to double the number of remaining shares authorized by the Commission to be issued under the Plan.

Cal Water's letter also states that despite the fact that the Commission's authorization for D.84-09-095 expired on December 31, 1987, they expect to continue the Plan indefinitely. Since Cal Water believes that, based on present common shareholder participation in the Plan, most of the remaining common shares (after doubling) will be issued by December 31, 1999, the company desires an extension of the Commission's authorization until that date.

Accordingly, Cal Water requests the Commission to authorize the issuance of 334,176 shares (two times the number of authorized shares remaining as of the date of the utility's letter

mentioned above) of Cal Water's authorized but unissued Common Stock under the Plan, on or after December 12, 1987, the date of this letter, and on or before December 31, 1999.

At December 29, 1987, the over-the-counter quoted closing price for Cal Water's Common Stock was \$31.50 per share, as reported by the Wall Street Journal.

The Commission Advisory and Compliance Division (CACD) has reviewed Cal Water's letter dated December 12, 1987, and has concluded that the utility's request is fair and reasonable and should be granted.

Findings of Fact

1. Cal Water, a California corporation, operates as a public utility under the jurisdiction of this Commission.

2. The proposed issuance of up to 334,176 shares of Cal Water's Common Stock, without par value, to the utility's common stockholders who elect to receive common stock dividends in lieu of cash dividends under the Plan, would be for proper purposes and would not be adverse to the public interest.

3. There is no known opposition and no reason to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.

2. The authority requested by Cal Water's letter of December 12, 1987 should be granted to the extent set forth in the order that follows.

The proposed security issue is for lawful purposes, and the money, property or labor to be obtained by it is required for these purposes. Proceeds from the security issue may not be charged to operating expenses or income.

In issuing our order, we place Cal Water and its common stockholders on notice that we do not regard the number of common shares outstanding and the dividends paid as determining allowable return on plant investment. This authorization is not a finding of the value of Cal Water's stock or property, nor does it indicate the amounts to be included in ratesetting proceedings.

The following order should be effective on the date of signature, to enable Cal Water to proceed expeditiously with further implementation of the Plan.

SUPPLEMENTAL ORDER

IT IS ORDERED that:

1. Ordering Paragraph 1 of Decision (D.)93847 in Application (A.)61002, as modified by D.84-09-095, is further modified as follows: On or after December 31, 1987 and on or before December 31, 1999, California Water Service Company (Cal Water) may issue up to 334,176 shares of its authorized but unissued Common Stock, without par value, under Cal Water's Dividend Reinvestment Plan.

2. Cal Water's letter dated December 12, 1987, which requests modification of D.93847 and D.84-09-095, is granted as set forth above.


3. In all other respects, D.93847 and D.84-09-095 remain in full force and effect

This supplemental order is effective today.

Dated JAN 28 1988, at San Francisco, California.

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY


Victor Wulster, executive Director