

ORIGINAL

The company's balance sheet as of December 31, 1981, is summarized from Exhibit A attached to the application as follows:

<u>Assets</u>	<u>Amount</u>
Net Utility Plant	\$194,998,387
Other Physical Property	209,483
(Current Assets) (Filed)	8,047,574
Deferred Charges	965,076
Total	\$204,220,520

Liabilities and Common Equity

Common Equity	\$ 65,223,407
Preferred (Stock) (Cal Water Service Company)	6,602,350
First Mortgage Bonds	75,279,230
Current Liabilities	237,432
Advances for Construction	32,532,984
Contributions in Aid of Construction	10,004,924
Miscellaneous Reserves	340,193
Total Liabilities and Common Equity	\$204,220,520

Unreimbursed capital expenditures reported by Cal Water as of December 31, 1981, totaled \$96,314,867. Excluding projects

to be financed by advances for construction and contributions in aid of construction, the utility estimates that gross construction outlays for 1982 will amount to \$9,122,000 of which 70% will be financed with internally generated funds.

Cal Water proposes to issue and sell on a private placement basis \$5,000,000 principal amount of its First Mortgage Bonds, Series Z, in the second quarter of 1982. The bonds would be

ORIGINAL

Decision 82-04-012 APR - 6 1982

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CALIFORNIA WATER SERVICE COMPANY, a corporation, to issue and sell \$5,000,000 principal amount of its First Mortgage Bonds, Series Z, and to execute and deliver a Supplemental Mortgage of Chattels and Trust Indenture.

Application 82-02-240 (Filed February 17, 1982)

OPINION

California Water Service Company (Cal Water) seeks authority to issue and sell by private sale to exceed \$5,000,000 principal amount of its First Mortgage Bonds, Series Z, and to execute and deliver a Thirty-First Supplemental Indenture.

This authority is sought under Public Utilities (PU) Code Sections 818 and 851. Notice of the filing of the application was published in the Commission's Daily Calendar of February 17, 1982. No protests have been received.

Cal Water is a California corporation which operates as a regulated public utility principally engaged in the sale and distribution of water service in many localities in the State from Chico to the Palo Verdes Peninsula. For the year ended December 31, 1981, the utility generated operating revenues of \$68,267,878 and net income of \$9,245,839.

secured by an existing indenture as previously supplemented and by or a proposed Thirty-First Supplemental Mortgage of Chattels and Trust Indenture, as amended, which would create the new series and further secure payment of principal on all bonds outstanding. A summary of the principal terms and covenants of the Series Z Bonds is attached to the application as Exhibit D. The principal terms are as follows: Interest rate on the proposed bonds will be 16-1/4%. They will be dated May 1, 1982, and mature November 1, 1996. They will have an 8-year restricted redemption covenant and an optional sinking fund provision. The sales price will be 100% of the principal amount.

According to the Commission's Competitive Bidding Rule, as most recently promulgated by Decision (D.) 819082 dated September 25, 1973, in Case 4761, competitive bidding is not required for debt security issues of \$5,000,000 or less.

Cal Water has not yet entered into any contract for the disposition of the bonds, but the utility has a tentative commitment from Equitable Life Assurance Society of the United States (Equitable). The purchase by Equitable will be for investment purposes and not for resale to the public. Cal Water will furnish the Commission a copy of the agreement for the sale of the bonds as soon as the document is available. Cal Water will not reexecute an underwriting agreement relating to the bonds, but proposes to pay a

reasonable commission (estimated not to exceed \$25,000) to Dean Witter Reynolds, Inc. for its service in negotiating the sale of

Cal Water proposes to use the net proceeds derived from the sale of its Series Z Bonds to reimburse its treasury for a portion of moneys actually expended prior to December 31, 1981, for capital improvements and for the payment of \$2,645,000 principal amount of its Series H Bonds, which matured November 1, 1981. Cal Water's capital ratios at December 31, 1981, after giving effect to the proposed issue of \$5,000,000 principal amount of Series Z First Mortgage Bonds, are as follows:

<u>Capital</u>	<u>Recorded</u>	<u>Pro Forma</u>
Common Equity	44.3%	42.9%
Preferred Stock	4.5%	3.0%
First Mtg. Bonds	51.2%	52.8%
Total	100.0%	100.0%

The Commission's Revenue Requirements Division has reviewed Cal Water's 1982 and 1983 proposed construction program and has concluded that the program is necessary. No objection has been taken to the proposed security issue specified in the application. The Division reserves the right, however, to reconsider the reasonableness of any specific construction expenditure in future rate proceedings.

Findings of Fact

Commission of Law

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

2. The proposed issuance of First Mortgage Bonds would be for proper purposes.

3. The proposed Thirty-First Supplemental Indenture would not be adverse to the public interest.

4. Cal Water has need for external funds for the purposes set forth in the application. A E C E O

5. The terms and conditions of the offering as proposed are reasonable and not adverse to the public interest.

6. The proposed restricted redemption provision is reasonable.

7. The money, property, or labor to be procured or paid for by the proposed debt securities is reasonably required for the purposes specified in the application. Proceeds from the security issue may not be charged to operating expenses or to income.

8. There is no known opposition to the application and no reasons to delay granting the authority requested.

Approved and authorized by the Commission on November 18, 1982.

Application 29334 as amended.

Conclusions of Law

Findings of Fact

1. A public hearing is not necessary.
 2. The application should be granted to the extent set forth in the order which follows.
- The authorization 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 (Cal Water) on or after the effective date of this order, and on or before December 31, 1982, may issue, sell and deliver its First Mortgage Bonds (New Bonds), Series Z, in an aggregate principal amount not to exceed \$5,000,000 in accordance with the terms and conditions to be negotiated as described in the application.
2. Cal Water, to secure the proposed New Bonds, may execute and deliver its Thirty-First Supplemental Mortgage of Chattels and Trust Indenture, similar in form to the Thirtieth Indenture previously executed and authorized by D.92413, dated November 18, 1980 in Application 59934 as amended.

3. Cal Water shall file a copy of the supplemental indenture and a written report within 30 days of the sale with the Commission showing the terms and conditions of the New Bonds and the fees incurred.

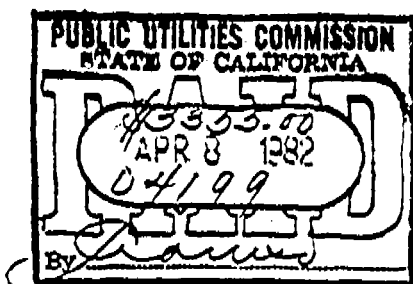
4. Cal Water shall apply the net proceeds from the sale of the New Bonds to the purposes set forth in the application.

5. Cal Water shall file the reports required by General Order Series 24.

6. The authority granted by this order to issue debt securities will become effective when Cal Water pays \$3,355, the fee set by PU Code Section 1904(b) after taking credit for \$2,645,000 principal amount of Series H Bonds refunded. In all other respects, this order becomes effective 30 days from today.

Dated APR 6 1982, at San Francisco, California.

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
LEONARD M. GRIMES, JR.
VICTOR CALVO
PRISCILLA C. GREW
Commissioners



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

[Signature]
Joseph E. Bodovitz, Executive Director