

CACD/RHG

Decision 95-08-044 August 11, 1995

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
California Water Service Company
U-60-W, for an Order (a) to issue and
sell not exceeding \$60,000,000
principal amount of its first mortgage
bonds, (b) exempting the issuance and
sale of said bonds from the
competitive bidding rule set forth in
Decision No. 38614, as amended, and
(c) authorizing it to execute and
deliver one or more supplemental
mortgage of chattels and trust
indentures.

Application 93-07-006
(Petition for Modification
filed May 5, 1995)

ORIGINAL

S U P P L E M E N T A L O P I N I O N

Summary of Decision

This decision grants California Water Service Company (CWS) the authority requested in its petition for modification of Decision (D.) 93-09-053, as modified by D.95-02-038.

Notice of the filing of the petition for modification appeared on the Commission's Daily Calendar of May 9, 1995. No protests have been received.

By D.93-09-053 dated September 1, 1993, in Application (A.) 93-07-006, the Commission authorized CWS, among other things, to issue and sell, before December 31, 1994, up to \$60,000,000 principal amount of its first mortgage bonds and to execute and deliver supplemental mortgage of chattels and trust indentures in connection with such bond issuances. D.95-02-038 extended the time period of authorization to December 31, 1995.

Modification Sought

CWS states in its petition that historically, it has used first mortgage bonds as its sole vehicle for debt financing. CWS

has remaining authority to issue \$20,000,000 of its first mortgage bonds. CWS now requests authority to utilize one or more debt financing vehicles: first mortgage bonds, medium term notes, and senior notes, and to execute and deliver appropriate financing agreements, in connection therewith.

The terms, conditions and form of the first mortgage bonds and the related supplemental indenture and bond purchase agreements which might be executed and delivered by CWS as previously set forth in A.93-07-006 remain unchanged.

The general terms, conditions and form of the medium term notes and the senior notes which might be issued and sold by CWS, and of any related agreements, are not presently known as CWS has not yet commenced negotiations for the sale of any such notes.

CWS expects that any of the notes would be sold for cash at 100% of face value, plus accrued interest (if any) from the date of issuance. It is expected that the medium term notes would be unsecured and the term would be from between 9 months to 40 years. Senior notes would be unsecured with a term of from 10 years to 30 years. Senior notes may have a delayed delivery feature under which the purchasers commit to acquire the senior notes at some future date and at a specified interest rate, in which case, interest would accrue from and after the future date of issuance. The interest rate for both notes would be negotiated or as will be offered by CWS at the time of sale.

The redemption, conversion, and sinking fund features of the notes are described in detail on pages 3 and 4 of the petition.

By D.94-04-034 dated April 6, 1994, in A.94-01-050, CWS was granted authority to issue and sell 600,000 shares of its common stock. Exhibit B to A.94-01-050 indicates that CWS's construction expenditures for 1995 are estimated to be \$21,700,000.

The Commission Advisory and Compliance Division (CACD) has reviewed the request and indicates that it is for proper purposes and is not adverse to the public interest. CACD recommends, and we concur, that CWS's petition for modification of D.93-09-053, as modified by D.95-02-038 be granted.

Findings of Fact

1. The proposed issue of Debt Securities under the remaining authority granted by D.93-09-053, as modified by D.95-02-038, would be for proper purposes and would not be adverse to the public interest.

2. There is no known opposition to the modification and there is no reason to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.

2. The petition for modification should be granted to the extent set forth in the supplemental order that follows.

3. The following supplemental order should be effective on the date of signature.

S U P P L E M E N T A L O R D E R

IT IS ORDERED that:

1. The authority granted to California Water Service Company (CWS) by Decision (D.) 93-09-053, as modified by D.95-02-038, is further modified to include the issue of medium term notes and senior notes, and to execute and deliver appropriate debt financing agreements, as contemplated in CWS's petition for modification.

2. The petition for modification is granted as set forth above.

A.93-07-006 CACD/RHG

3. In all other respects, D.93-09-053, as modified by D.95-02-038, remains in full force and effect.

This supplemental order is effective today.

Dated August 11, 1995, at San Francisco, California.

DANIEL Wm. FESSLER
President

P. GREGORY CONLON

JESSIE J. KNIGHT, JR.

HENRY M. DUQUE

Commissioners

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

Wesley Franklin
Acting Executive Director