

Decision No. 17383

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
ARROWHEAD UTILITY COMPANY,)
a corporation, for an order author-)
izing the issue and sale of capital)
stock.)

Application No. 13076.

Paul F. A. Conway, for applicant.

BY THE COMMISSION:

O P I N I O N

Arrowhead Utility Company, a corporation, asks permission to issue and sell at not less than par \$25,000. of its common capital stock and use the proceeds to pay indebtedness in the amount of \$4,827.14 and provide itself with working capital and with funds to pay the cost of extensions, additions and betterments to its properties.

Arrowhead Utility Company has an authorized stock issue of \$500,000. divided into 5,000 shares of the par value of \$100. each. Stock in the amount of \$195,000. has been issued and is now outstanding. The company has no bonded indebtedness. Its other indebtedness appears in the balance sheet following.

As of June 30, 1926, the Arrowhead Utility Company reports assets and liabilities as follows:-

ASSETS:

Fixed Capital		\$213,647.70
Water Department	\$113,108.38	
Electric light and power department	74,028.14	
Telephone department	26,511.18	
Organization expenses		806.99
Franchise		280.86
Cash and accounts receivable		10,155.71
Cash	890.28	
Accounts receivable	9,265.43	

Total Assets \$224,891.27

LIABILITIES:

Capital Stock		\$195,000.00
Amount due Arrowhead Lake Company		4,827.14
Accounts payable, current		4,003.76
Deposits payable		47.50
Accrued taxes		2,066.46
Reserve for depreciation		14,020.74
Surplus		4,925.07
Income invested in capital	\$17,052.23	
Reported deficit	12,426.56	

Total Liabilities \$224,891.27

The company reports 282 electric consumers, 157 water consumers, 42 telephone subscribers connected with its several departments.

From January 1 to June 30, 1926, the company reports an expenditure for additions and betterments amounting to \$35,125.15. Of this expenditure \$14,074.01 has been financed through the use of stock proceeds obtained from the sale of stock authorized by Decision No. 14898, dated May 7, 1925, and \$4,827.14 borrowed from the Arrowhead Lake Company. Deducting the two amounts from the \$35,125.15 leaves a balance of \$16,224.00 which was financed through current accounts payable and the investment of earnings.

The company asks permission to issue and sell \$25,000. of its stock for the purpose of obtaining moneys to pay indebtedness due the Arrowhead Lake Company and to reimburse its treasury in order to have funds available for paying the cost of additions and betterments to its properties installed subsequent to June 30, 1926. It is estimated that within the six months ending December 31, 1926, the company will have to expend at least \$10,000. for additions and betterments.

O R D E R

Arrowhead Utility Company having applied to the Railroad Commission for permission to issue \$25,000. of its common capital stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of such stock is reasonably required by applicant and that this application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED that Arrowhead Utility Company be, and it is hereby, authorized to issue and sell on or before December 31, 1926, at not less than par \$25,000. of its common capital stock and use the proceeds obtained from the sale of such stock to pay indebtedness, referred to in this application, and to reimburse its treasury on account of income expended for additions and betterments provided that all moneys used to reimburse its treasury be expended by applicant for additions and betterments, the cost of which is chargeable to fixed capital account, or used as working capital.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective upon the date hereof and that applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 23rd day of September, 1926.

H. B. Rowledge
C. S. Lewis
Ernest J. ...
Leon Whitell
Thos. S. ...

Commissioners.