

LEM

Decision No. 19087.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 BAY POINT LIGHT AND POWER COMPANY,)
 for authority to issue 500 shares)
 of its capital stock of the par value) Application No. 14137
 of \$100.00 per share.)

Sanborn, Roehl and Delancy C. Smith,
 by A.B.Roehl, for applicants.

ORIGINAL

BY THE COMMISSION:

O P I N I O N

Bay Point Light and Power Company asks permission to issue and sell at not less than \$80.00 per share 500 shares(\$50,000.00 par value) of its common capital stock and use the proceeds for the purpose of reimbursing its treasury, reimbursing its reserve for accrued depreciation and financing the cost of additions and betterments.

Bay Point Light and Power Company, according to the record, has an authorized stock issue of \$250,000.00, divided into 2500 shares of the par value of \$100.00 each. As of July 31, 1927, the company reports \$50,000.00 of its stock outstanding. Its assets and liabilities of the same date are reported as follows;-

ASSETS:

Fixed capital	\$60,598.52	
Accounts receivable	3,245.20	
Cash	5,161.33	
Discount on securities	9,550.00	
Total assets.....		<u>\$78,555.05</u>

LIABILITIES:

Capital stock	\$50,000.00	
Consumers' deposits	600.00	
Depreciation reserve	11,363.72	
Appropriation from surplus for capital account	14,285.35	
Profit and loss	2,305.98	
Total liabilities.....		<u>\$78,555.05</u>

The company asks permission to use the proceeds obtained from the sale of its stock for the following purposes;-

To reimburse its treasury for capital account expenditures	\$14,285.35	
To reimburse depreciation reserve	5,106.81	
To pay for proposed improvements	<u>20,000.00</u>	
Total.....		<u>\$39,392.16</u>

The testimony shows that the company has found it necessary to relocate its substation and to provide for larger substation facilities and greater line voltage. For these purposes it estimates an expenditure of \$20,000.00 segregated as follows;-

Land	\$1,500.00	
Building	1,500.00	
Switchboard, meters, switches, etc.	2,000.00	
Transformer house	500.00	
Coal yard, fences and miscellaneous	<u>500.00</u>	
Total substation expense		\$6,000.00
Wire	\$3,000.00	
Poles and headway	4,500.00	
Transformers and stations	4,000.00	
Meters, etc	1,500.00	
Miscellaneous	<u>1,000.00</u>	
Total distribution		<u>\$4,000.00</u>
Grand total.....		<u>\$20,000.00</u>

Testimony of W.S. Van Winkle, president of applicant corporation, shows that the company has recently undertaken to furnish service to the California Water Service Company at Clyde, and to the Associated Oil Company at Clyde. The taking on of this additional service and other service which it is expected will be connected with applicant's system in the near future, is largely responsible for the estimated expenditure of \$20,000.00.

Applicant's evidence in regard to the reimbursing of its treasury and its depreciation reserve, is not conclusive. It reports that it has expended \$5,106.81 of cash offset by its depreciation reserve for construction purposes and that because of such expenditure it should be permitted to reimburse its reserve. No evidence was submitted showing that the company at this time has any

need for the cash which would be obtained through the issue of the stock, were its reserve reimbursed to the amount indicated. In regard to the reimbursement of the treasury of the company, on account of surplus earnings, reported at \$14,285.35, expended for capital purposes, applicant's president testified that it was contemplated that the company would pay a dividend of approximately \$4,000.00 to its stockholders. It is planned to sell the company's stock at \$80. and use part of the proceeds to pay the cash dividend. No further evidence was submitted showing that it is reasonably required that the treasury of the company be reimbursed in the amount of \$14,285.35. This Commission has repeatedly gone on record that if public utilities desire permission to reimburse their treasury it is incumbent upon such utility to show that the reimbursement of its treasury is reasonably required and to submit evidence which will enable the Commission to make a finding such as it is obliged to make under the provision of the Public Utilities Act. We do not believe that the record in this case warrants the Commission to make a finding to the effect that the money, property or labor to be procured or paid for by the issue of the \$50,000.00 of stock is reasonably required by applicant. The order herein will authorize the issue of \$25,000.00 of stock which we believe should be sold by the company at not less than par.

ORDER

Bay Point Light and Power Company having asked permission to issue 500 shares (\$50,000.00 par value) 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 \$25,000.00 of such

stock was reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income and that this application, insofar as it involves the issue of \$25,000.00 of stock, should be denied without prejudice, therefore,

IT IS HEREBY ORDERED AS FOLLOWS:---

1. Bay Point Light and Power Company may issue and sell at not less than par on or before October 1, 1928, \$25,000.00 of its common capital stock and use \$20,000.00 of the proceeds to pay the cost of the improvements described in Exhibit "E" filed in this proceeding and to use \$5,000.00 of said stock to reimburse its treasury.

2. This application insofar as it involves the issue of \$25,000.00 of stock be, and the same is hereby, dismissed without prejudice.

3. The authority herein granted will become effective upon the date hereof.

4. Bay Point Light and Power Company 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 2nd day of ~~Dec~~
December
tober, 1927.

E. J. [Signature]
[Signature]
Leon [Signature]
Thos. S. [Signature]
M. J. [Signature]
Commissioners.