

ORIGINAL

Decision No. 5732.BEFORE THE RAILROAD COMMISSION OF
THE STATE OF CALIFORNIA.

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In the Matter of the Application of
BAY POINT LIGHT AND POWER COMPANY
for authority to issue 440 shares of
its capital stock of the par value
of \$100 per share.

Application Number 4002.

Sanborn & Roehl by Arthur Roehl for applicant.

BY THE COMMISSION:O P I N I O N.

BAY POINT LIGHT AND POWER COMPANY asks authority to issue \$44,000 par value of its common capital stock divided into 440 shares of the par value of \$100 per share. The company desires authority to sell its stock for not less than \$80 per share and use the proceeds to pay indebtedness, reimburse its treasury for income expended to finance capital expenditures and pay for the installation of additions and betterments to its plant and system.

A hearing on this application was held before Examiner Westover in San Francisco on August 21, 1918.

Bay Point Light and Power Company has an authorized capital stock issue of \$50,000. Stock in the amount of \$6,000 is reported as outstanding. The company owns and operates an electrical distributing system in Bay Point and vicinity.

On December 31, 1917, Bay Point Light and Power Company reported assets and liabilities as follows:

ASSET ACCOUNTS:

Fixed Capital,	\$8,955.17
Cash,	27.50
Due from Consumers and Agents,	500.00
Materials and Supplies,	302.50
Unamortized Discount and Stock,	750.00
Total ASSET ACCOUNTS,	<u>\$10,535.17</u>

LIABILITY ACCOUNTS:

Capital Stock,	\$ 6,000.00
Notes Payable,	2,276.47
Consumers Deposits,	27.50
Miscellaneous Accounts Payable,	802.50
Corporate Surplus Unappropriated,	1,428.70
TOTAL LIABILITY ACCOUNTS,	<u>\$10,535.17</u>

Fixed capital on January 1, 1917, is reported at \$5,250. Since then and up to June 30, 1918, applicant has expended, according to Exhibit "B" attached to the petition herein, the sum of \$6,488.91 for the purposes of extending its electrical distributing system. This expenditure, the testimony shows, has been financed through the issue of notes amounting to \$2,183.56, through the investment of earnings in the sum of \$4,270.24, leaving a balance of \$35.11 unaccounted for. Applicant asks authority to use part of the proceeds from the sale of its stock which it now desires to issue, to pay its note indebtedness and reimburse its treasury because of earnings expended to extend its system.

In Exhibit "C" attached to the petition, applicant estimates its expenditures for additions and betterments as follows:

Substation,	\$1,000.00
Primary Lines,	6,000.00
Secondary Lines,	6,000.00
Transformers,	10,125.00
Meters,	6,800.00
Services,	2,100.00
Street Lighting,	1,500.00
Total,	<u>\$33,525.00</u>

Mr. W.S. Van Winkle, president and general manager of

Bay Point Light and Power Company, testified at the hearing that this expenditure is necessitated by the location of what may be termed "War Industries" in and about Bay Point; that the Pacific Coast Shipbuilding Company, Pacific Metal Company, Bay Point Box Factory, Bay Point Foundry, Pacific Chemical Company and other concerns have located or intend to locate their plants at Bay Point; that the Pacific Coast Shipbuilding Company is now employing 1,500 men and ultimately intends to give employment to 15,000; that for the purpose of housing the employees of the shipbuilding company, the Government is advancing funds to construct dwellings in the town of Clyde located about three miles from Bay Point; that the Bay Point Light and Power Company has been asked to extend its electrical distributing system to the town of Clyde for the purpose of selling electrical energy in Clyde; that about \$10,000 of the estimated expenditures reported in Exhibit "C" will be expended in connection with the extension of applicant's system to and in Clyde and approximately \$23,500 in connection with the development of applicant's system at Bay Point.

The evidence submitted in this proceeding shows that applicant's earnings have been increasing rapidly as a result of the industrial development at Bay Point. For the year ending December 31, 1917, applicant reports gross earnings amounting to \$7,540.40, while gross earnings for the six months ending June 30, 1918, are reported at \$7,727.58. Applicant owns no generating system. It purchases its electrical energy from the Great Western Power Company.

O R D E R.

BAY POINT LIGHT AND POWER COMPANY having applied to the Railroad Commission for authority to issue \$44,000 par value of stock, a hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of said stock is reasonably required for the purpose or purposes specified in the order and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that Bay Point Light and Power Company be, and it is hereby, granted authority to issue at not less than \$80 per share, 440 shares of its common capital stock of the par value of \$100 each upon the following conditions and not otherwise:

- (1).-- The proceeds obtained from the sale of the stock shall be used for the following purposes:
 - (a).--Of the proceeds, \$2,183.56 shall be used to pay the notes referred to in the petition herein.
 - (b).--Of the proceeds, \$4,270.24 may be used by applicant to reimburse its treasury because of earnings expended to finance capital expenditures prior to June 30, 1918.
 - (c).--The remainder of the proceeds shall be used to finance in whole or in part the capital expenditures set forth in Exhibit "C" attached to the petition herein. Until all of said proceeds have been expended, applicant shall file with the Railroad Commission on or before the twenty-fifth day of each month, a construction progress report, showing in detail, the nature and extent of the construction work done during the month immediately preceding the filing of such report, the cost of said work, the amount paid thereon and from what sources the moneys necessary to make said payments, have been obtained.
- (2).-- Bay Point Light and Power Company shall keep true and accurate record of the uses of the stock herein

