

ORIGINAL

Decision No. 23854

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
Vallejo Electric Light and Power
Company, a corporation,
for an Order authorizing the increase
of capital stock of said corporation.

Application No. 23854

BY THE COMMISSION:

OPINION

This is an application for an order of the Railroad Commission authorizing Vallejo Electric Light and Power Company to issue \$500,000 par value of its common capital stock to reimburse its treasury for earnings heretofore invested in its properties and business.

Vallejo Electric Light and Power Company was organized during 1897 with an authorized capital stock of \$100,000 divided into 10,000 shares of the par value of \$10 each. All of the \$100,000 of stock is now outstanding. Applicant's 1939 report shows that as of December 31, 1939 the stock was held by the following:

Pacific Gas and Electric Company	4,583-1/3	shares
Irma Casper Silverstein	2,031-2/3	"
Dr. E. J. Casper	1,567-1/2	"
Mattye Rosenberg	1,567-1/2	"
Florence Casper	250	"
Total	<u>10,000</u>	"

The company is engaged in the business of purchasing electricity and of distributing it for light, heat and power in and about the City of Vallejo. Its assets and liabilities, as

of October 31, 1940, are shown in its application as follows:

<u>Assets</u>		
Fixed capital - electric plant		\$1,154,879.32
Securities of other companies		98,635.69
Special deposits		606.00
Current assets:		
Cash	\$54,288.14	
Accounts receivable	34,796.60	
Materials and supplies	<u>11,457.51</u>	100,542.55
Deferred charges - net		<u>1,998.98</u>
Total		<u>\$1,356,662.54</u>

<u>Liabilities</u>		
Capital stock		\$ 100,000.00
Current liabilities:		
Notes and contracts payable	\$27,231.44	
Accounts payable	22,822.01	
Taxes payable	27,225.56	
Customers' deposits	12,128.48	
Accrued interest	2,998.01	
Accrued taxes	<u>30,000.00</u>	122,405.50
Due subsidiary company		20,490.11
Reserves		381,856.55
Contributions in aid of construction		131.73
Earned surplus		<u>731,778.65</u>
Total		<u>\$1,356,662.54</u>

The investment in fixed capital is segregated by the company as follows:

Intangible capital	\$ 196.25
Distribution plant	981,966.54
General plant	<u>172,716.53</u>
Total	<u>\$1,154,879.32</u>

The foregoing balance sheet indicates that the company has financed its investment in its fixed capital and other assets largely through the use of surplus earnings and moneys represented by its reserves. It appears that the company now desires to reimburse its treasury because of earnings so invested and to that end has caused its Articles of Incorporation to be amended so as to provide for an authorized capital stock of \$600,000, par value, and has made this application for permission to issue the addi-

tional stock. It is our understanding that the \$500,000 of stock to be so issued will be charged against the company's earned surplus and will be distributed as a stock dividend to the present stockholders.

The Commission from time to time has had occasion to review applicant's operations and in general is familiar with its properties and business. From information on file with the Commission, it clearly appears that Vallejo Electric Light and Power Company, after making provision for depreciation, has had surplus earnings from operations well in excess of the presently proposed stock issue, that such earnings have been used in the acquisition or construction of properties and assets and that the company's treasury has not been reimbursed through the issue of securities. It, therefore, seems proper to authorize the issue of the additional stock as requested.

O R D E R

Vallejo Electric Light and Power Company having applied to the Railroad Commission for an order authorizing the issue of \$500,000 of stock, and the Commission being of the opinion that this is not a matter on which a public hearing is necessary, that the request of the company should be granted, as herein provided, and that the money, property or labor to be procured or paid for is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore

IT IS HEREBY ORDERED that Vallejo Electric Light and Power Company be, and it hereby is, authorized to issue, on or before February 28, 1941, not exceeding \$500,000 par value of its common capital stock for the purpose of reimbursing its treasury

on account of surplus earnings invested in its properties and assets prior to October 31, 1940.

IT IS HEREBY FURTHER ORDERED that Vallejo Electric Light and Power Company within thirty (30) days after the issue of the stock herein authorized shall file a report with the Commission showing the names of those to whom such stock was issued and the number of shares issued to each.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective upon the date hereof.

Dated at San Francisco, California, this 17th day of December, 1940.

Ray & Rice

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Justice J. Cameron
Commissioners