

Decision No. 45605

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 WASHINGTON WATER AND LIGHT COMPANY)
 for an order authorizing it (a) to)
 issue its amended promissory note in)
 the amount of \$225,000 to Pacific Mu-)
 tual Life Insurance Company, and (b))
 to execute a First Supplemental In-)
 denture supplemental to its Mortgage)
 of Chattels and Real Property dated)
 as of November 15, 1949.)
 -----)

Application
 No. 30669
 (First Supplemental)

FIRST SUPPLEMENTAL OPINION

By Decision No. 43435, dated October 25, 1949, the Commission authorized Washington Water and Light Company, among other things, to execute a mortgage and to issue a note in the principal amount of \$225,000. Said note was issued to Pacific Mutual Life Insurance Company as of November 15, 1949, and had been reduced to \$211,000 principal amount at December 31, 1950.

The copy of the note originally filed in this proceeding in the form which was authorized by the Commission in said Decision No. 43435 provided for payment of the principal amount in fixed monthly payments of \$1,000, commencing in November of 1949, and continuing for a period of five consecutive years, and for the payment of an annual amount of \$5,625, commencing November 1, 1954, and continuing until the entire amount shall have been paid. Applicant now reports it was the intention of it and of Pacific Mutual Life Insurance Company that the first of such annual payments should not be made until November 1, 1955, instead of 1954, and accordingly applicant now desires to issue an amended note to Pacific Mutual

Life Insurance Company upon surrender of the presently outstanding note.

The mortgage securing the payment of the presently outstanding note provides, among other things, that applicant will not declare any dividends on its shares of stock except out of net earnings accumulated subsequent to August 31, 1949, after deduction therefrom of an amount equivalent to 25% of the net earnings for the twelve months period immediately preceding the date of such dividends, or the amount required to be paid during such twelve months period on account of the principal of the note, whichever shall be greater.

Applicant reports that during the year 1950 its gross corporate income amounted to \$15,036.46 and its net income, after payment of interest, to \$5,678.68, and that it paid on account of the principal of said note the sum of \$12,000. It further reports that by reason of these substantial payments on account of the note it has found itself in a position where it is unable to continue regular payments of dividends on its shares of preferred stock,⁽¹⁾ and that Pacific Mutual Life Insurance Company has consented to an amendment to the mortgage so as to provide that applicant, up to and including October 31, 1954, may pay dividends out of net earnings accumulated after December 31, 1950, after deduction of 25% of such accumulated net earnings, irrespective of the amounts required to be paid on account of the principal of the promissory note, and in addition that applicant will be permitted during said period to declare and pay dividends on its preferred shares of not to exceed \$2,000 out of its earned surplus accumulated prior to December 31, 1950. After October 31, 1954, certain adjustments will be made in the amount from which applicant will be permitted to pay dividends on

(1) Applicant has outstanding \$79,500 par value of preferred stock on which the annual dividends at 5% amount to \$3,975.00.

account of payments of the principal of the note. Applicant accordingly requests authority to execute a supplemental indenture incorporating the proposed revisions in the original mortgage.

FIRST SUPPLEMENTAL ORDER

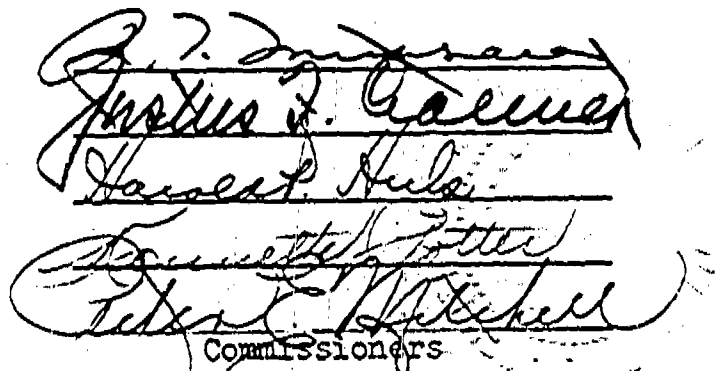
The Commission has considered this matter and is of the opinion that applicant's requests in its first supplemental application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Washington Water and Light Company may issue and deliver to Pacific Mutual Life Insurance Company a promissory note, amended as indicated herein, upon surrender of the presently outstanding note, and may execute a first supplemental indenture supplementing the mortgage of chattels and real property dated as of November 15, 1949, which supplemental indenture shall be in, or substantially in, the same form as that filed with the first supplemental application in this proceeding.

2. This first supplemental order is effective upon the date hereof.

Dated at San Francisco, California, this 24th day of April, 1951.


Commissioners