Decision No. 48415

# ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of WASHINGTON WATER AND LIGHT COMPANY for permission to issue more stock.

Application No. 34160

## <u>OPINION</u>

Washington Water and Light Company has filed this application for authorization to issue and sell \$10,000 of its common stock, at par for cash, for the purpose of financing the cost of additions and replacements.

Applicant is engaged as a public utility in the distribution of water to approximately 2,400 services in and about the towns of Broderick, Bryte and West Sacramento, in Yolo County. It reports that it desires to provide water service in two new subdivisions within its service area and that the estimated cost of the installation of the lines for this purpose is \$8,000. In addition, it has found it necessary to replace a portion of the main transmission line on West Capital Avenue near the intersection with Merkley Avenue at a cost of \$2,000. It has concluded to meet these requirements through the issue and sale of its shares of stock.

The application shows that up to January 31, 1953, applicant had invested in fixed assets the sum of \$366,232:30, after making deduction for its reserve for depreciation, and that it had

Operating revenues Operating expenses Operating income 1951 1952 \$75,290.69 \$86,591.53 60,496.03 73,505.60 \$14,794.66 \$13,085.93

<sup>1/</sup>For the last two calendar years applicant has reported:

financed itself generally through the media of long-term debt, capital stock and retained earnings. Its financial statement as of the end of January, 1953, is reflected in its balance sheet of that date which has been filed in this proceeding. A summary of the balance sheet is as follows:

#### <u>Assets</u>

Current assets - Cash and accounts receivable Materials on hand Other current assets Total current assets Fixed assets-less depreciation re Other debits	serve	\$ 1,600.44 4,955.68 6,166.69	\$ 12,722.81 366,232.30 
	Total		\$386,933.32
Liabilities and Capital			
Current liabilities - Accounts payable Accrued liabilities Total current liabilities Long-term debt Total liabilities Capital -		\$ 2,474.59 11,741.55	\$ 14,216.14 231,423.62 245,639.76
Capital - Capital stock Surplus Total capital		123,000.00 <u>18,293.56</u>	141,293.56
	Total		\$386 <u>,933</u> .32

Upon reviewing this application and applicant's financial statement, it appears to us that applicant should undertake to increase its equity position as contemplated in this proceeding. In our opinion the money, property or labor to be procured or paid for by the issue of the shares of stock herein authorized is reasonably required by applicant for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. Accordingly, an order will be entered granting applicant's request.

## ORDER

The Commission having considered the above entitled matter, and being of the opinion that a public hearing is not necessary and

that the application should be granted, as herein provided; therefore,

### IT IS HEREBY ORDERED as follows:

- 1. Washington Water and Light Company, on and after the effective date hereof and on or before December 31, 1953, may issue and sell, at par for cash, 1,000 shares of its common stock, of the aggregate par value of \$10,000, and use \$8,000 of the proceeds to finance the cost of additions to its lines and \$2,000 to reimburse its treasury and to provide the cost of replacements for its main transmission line.
- 2. Applicant shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.
- 3. The authority herein granted will become effective 20 days after the date hereof.

Dated at San Francisco, California, this 3, day of March, 1953.

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Commissioners