



The principal amount of the outstanding notes has been reduced to \$183,000.

In the present proceeding applicant reports that additional subdivisions are being opened in its service area, that it desires to finance part of the cost of extensions to serve such areas with advances from subdividers, but that it is unable to do so because of a provision in its outstanding mortgage which provides that it shall not incur any additional long-term debt payable later than 12 months after the date of its creation unless its annual net earnings before deduction of interest charges and federal income taxes, as set forth in the indenture, are at least three times its annual interest charges. The restrictions contained in this provision, according to applicant, would prohibit it from incurring indebtedness represented by advances for construction.

It appears, however, that Pacific Mutual Life Insurance Company is agreeable to a modification of the terms of the outstanding mortgage whereby there will be excluded from the definition of long-term debt any consumers' advances for construction and also unsecured obligations issued in satisfaction of or substitution for such advances, provided such obligations shall mature on or after January 1, 1970, and bear interest at an effective rate not exceeding 3% per annum, and is agreeable to the modification of certain other provisions, which modifications, it is believed, will enable applicant to proceed with the financing of extensions to serve the new territory now being opened.

It is reported that the principal subdividers in applicant's service area are Arthur F. Turner and Eugene L. Williams, doing business as copartners under the name and style of Turner & Williams, that said Turner and Williams are willing to accept subordinated unsecured promissory notes of applicant, payable on or

before January 1, 1972, with interest at the rate of 3% per annum, in satisfaction of past and future construction advances, such notes to be issued from time to time as the obligation to repay such advances accrues. Applicant presently is indebted to Turner & Williams in the amount of approximately \$20,000, but it seeks authorization to issue separate promissory notes at the end of each six months' period hereafter in principal amounts equal to the amount of advances repayable during said period up to an aggregate amount of \$100,000.

Upon reviewing this matter we are of the opinion that authorization should be granted applicant to execute the proposed amendment to its mortgage. However, applicant has not yet furnished us with sufficient information upon which we can base an order with respect to the issue of notes in the total amount requested and at this time we will authorize it to issue \$20,000 of notes in payment of the advances presently outstanding. Upon being furnished with a supplemental application, or applications, containing information with respect to the description and cost of additional extensions, either made or proposed, we will give further consideration to the request to issue the remaining notes.

ORDER

The Commission having considered the above entitled matter, and being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for by the issue of \$20,000 of notes is reasonably required by applicant for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Washington Water and Light Company may execute a Second Supplemental Indenture supplementing its outstanding mortgage of chattels and real property, which Second Supplemental Indenture shall be in, or substantially in, the same form as that filed in this proceeding as Exhibit C.

2. Washington Water and Light Company may issue, on or before March 31, 1954, not exceeding \$20,000 of its promissory notes, in substantially the same form as the note filed in this proceeding as Exhibit B, for the purpose of paying advances for construction.

3. Applicant shall file with the Commission a copy of the Second Supplemental Indenture as actually executed, within 30 days after its date, and shall file monthly reports of the issue of the notes as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

4. The authority herein granted will become effective when applicant has paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.00.

Dated at San Francisco, California, this 21st day of July, 1953.

[Signature]  
President

[Signature]  
[Signature]

[Signature]

Commissioners

