

Decision No. 53274

**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 to issue :  
 and sell 1,300 shares of its common )  
 stock at Par Value \$10.00 per share. :  
 ----- )

Application  
 No. 38037

O P I N I O N

Washington Water and Light Company has filed this application for authorization to issue \$13,000 par value of its common stock.

Applicant is engaged in the distribution of water in Yolo County. It reports that as of December 31, 1955, its net investment in its facilities amounted to \$579,004 and its net current assets to \$23,862, a total of \$602,866, and that its capital structure, representing the sources of funds to finance its expenditures, was as follows:

Indebtedness -			
Notes payable		\$219,500	
Advances for construction		<u>208,399</u>	
Total indebtedness		427,899	71%
Preferred stock		105,000	17
Common stock equity -			
Common stock	\$46,000		
Surplus	32,167		
Unam. debt expense	<u>(8,202)</u>		
Total common stock equity		<u>69,965</u>	<u>12</u>
Total		<u>\$602,864</u>	<u>100%</u>

On May 31, 1955, by Decision No. 51501, the Commission authorized applicant to execute a loan agreement with Pacific Mutual Life Insurance Company and to issue \$295,000 of promissory

notes in order to refinance existing indebtedness and to make provision for additional borrowings. The insurance company recognized that applicant's capital structure was unbalanced because of the large amount of long-term debt represented by borrowings and construction advance agreements and it specifically required in the loan agreement that applicant should enter into an agreement with Turner & Williams, a partnership, Westgate Investment Co., Inc., and River Oaks Properties, a corporation, which had been engaged in the construction of applicant's system, whereby such organizations would accept additional common shares in full satisfaction of the construction advances aggregating approximately \$130,000. It was provided that at least \$13,000 of such stock would be issued annually until the indebtedness is extinguished.

It appears that pursuant to the loan arrangements applicant obtained such an agreement with Turner & Williams, et al, and filed a copy of the same with the Commission. By said Decision No. 51501, the Commission provided as follows:

"Washington Water and Light Company may execute an agreement with Turner & Williams, a partnership, Westgate Investment Co., Inc., and River Oaks Properties relating to the cancellation of construction advances in exchange for common stock and may issue at this time not exceeding \$13,000 par value of common stock in cancellation and extinguishment of advances."

At this time applicant now seeks to issue an additional block of \$13,000 par value of common stock in conformity with the requirements of the loan agreement which has been approved by the Commission.

Q R D E R

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 the stock herein authorized 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 issue \$13,000 par value of its common stock in exchange for a like amount of construction advances.
2. Washington Water and Light Company shall file with the Commission a report, or 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 is effective on the date hereof.

Dated at San Francisco, California, this 26<sup>th</sup> day of June, 1956.

John E. Mitchell  
 President  
Justus J. Casner  
Paul J. Sullivan  
William J. Cook  
 Commissioners