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Decision No. 12397.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
NOVATO UTILITIES COMPANY, a corpora-)
tion, for order authorizing the issue) Application Number 9225.
of notes under the provisions of the)
Public Utilities Act of the State of)
California.)

J. W. Cain, for Applicant.

SEAVEY, Commissioner.

ORIGINAL

O P I N I O N

In this application the Railroad Commission is asked to make an order authorizing the Novato Utilities Company to issue \$8,000.00 of its ten year six percent. promissory notes for the purpose of paying indebtedness and of providing the cost of additional properties,

Novato Utilities Company was organized on or about May 29, 1917 with an authorized capital stock of \$50,000.00 of which \$20,000.00 is reported outstanding. The company reports no bonded indebtedness and as of July 1, 1923 current liabilities of \$6,569.88. The company is engaged in the business of supplying electric, water and telephone service in and about the Town of Novato, Marin County. For the year ending December 31, 1922 it reports gross revenues from electric operations as \$11,258.73; from telephone operations as \$4,121.79; and from water operations as \$2,672.52. After paying operating expenses including taxes and depreciation it reports net operating revenues of \$6,248.49. For the six months ending July 1, 1923 it reports its revenues from all sources as \$9,987.87 and its disbursements as \$6,283.78, leaving a net income for the six months of \$3,704.09.

The application and the testimony of J. W. Cain, applicant's president, show that it is necessary for the company to expend \$12,000.00 in order to pay outstanding liabilities and to provide the cost of additional properties. It appears that the company must expend \$5,000.00 to purchase land; \$4,175.00 to pay notes; and \$1,825.00 to reimburse its treasury because of surplus earnings expended during 1922 for extensions, additions and betterments. The property to be acquired consists of a lot in Novato 75 x 140 feet in dimension upon which there is erected a one story stucco building at present used by applicant as its office and telephone exchange. It is thought that the purchase of this property will effect economics in operation. The notes to be paid consist of \$3,000.00 of five year notes which were authorized to be issued by the Commission in its Decision Number 6593 dated August 29, 1919 to pay for additional property, and \$1,175.00 of short term notes which were issued during 1922 and 1923 to pay for a motor truck and additional work on applicant's reservoir.

To obtain a portion of this \$12,000.00, applicant proposes to issue \$8,000.00 of unsecured promissory notes payable on or before ten years ^{While} after date with interest at six percent. Applicant asks permission to issue ten year notes, it is of record that it intends to issue its notes for a period of three years and to renew them from time to time for a total period of not exceeding ten years.

I believe the application should be granted and herewith submit the following form of order:-

O R D E R

NOVATO UTILITIES COMPANY having applied to the Railroad Commission for permission to issue notes, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue

is reasonably required for the purpose or purposes specified in this order and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

IT IS HEREBY ORDERED that NOVATO UTILITIES COMPANY be, and it is hereby, authorized to issue its ten year six percent. promissory notes in the aggregate amount of \$8,000.00 for the purpose of liquidating indebtedness and of paying in part the cost of the additional property referred to in the foregoing opinion.

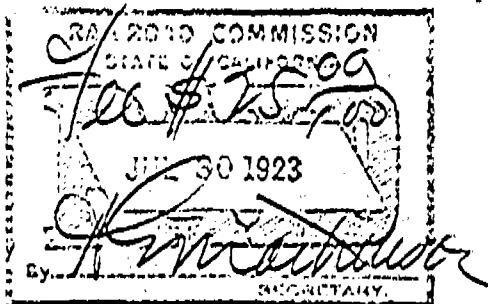
The authority herein granted is subject to the following conditions:-

1. Applicant may, if it so desires, issue its notes for a period of less than ten years and renew them from time to time provided that the combined terms of the notes originally issued and of those given in renewal do not exceed a period of ten years after date of this order.
2. Novato Utilities Company shall keep such record of the issue of the notes herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order in so far as applicable, is made a part of this order.
3. The authority herein granted will become effective when applicant has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is \$25.00.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission

of the State of California.

DATED at San Francisco, California, this 27th day of
July, 1923.



C. A. Seaver
Irving Martens
Egerton Shore

Commissioners.