

DM

Decision No. 14315.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
SAN GORGONIO POWER COMPANY,)
a corporation, for an order author-)
izing the issue of stock and bonds.)

Supplementary Application
Number 10509.

BY THE COMMISSION:

ORIGINAL

SECOND SUPPLEMENTAL ORDER

San Geronio Power Company in a supplemental petition filed in the above entitled matter on November 3rd, asks permission to issue and sell at par \$100,000.00 of common stock and use the proceeds for the purposes hereinafter indicated.

By Decision Number 14175, dated October 16, 1934 the Commission denied without prejudice an application of the company to issue \$100,000.00 of seven percent. preferred stock. In that decision, as amended, the company was permitted to issue \$5,000.00 of bonds and use the proceeds to pay in part the following expenses:-

To pay amounts representing materials purchased	\$3,000.00
To cover lower canal	5,000.00
To construct steel by-pass from tank No. 2	3,000.00
To complete storm control dams	12,000.00
To construct fire-breaks and trails	6,000.00
To finance excess cost of plants	39,027.90
Miscellaneous	3,680.56

Total.... \$71,708.46

In the original application the company also asked permission to use stock or bond proceeds to refund \$14,000.00 expended in payment of interest. The order of the Commission does not permit the company to use any bond proceeds for the purpose of refunding interest payments. Adding the \$14,000.00 to the \$71,708.46 makes a total of

\$85,703.46.

The company in its supplemental petition, as stated, now asks permission to issue \$100,000.00 of common stock at par. It further asks permission to expend 15 percent. of the proceeds obtained from the sale of the stock to pay selling expenses and to use the remaining proceeds to pay the cost of the improvements to which reference has been made and refund interest payments.

It is of record that R. R. Scarborough, president and majority shareholder of stock of San Geronio Power Company, is willing to enter into an agreement with the purchasers of the common stock, by the terms of which such purchasers will have the right to re-sell the stock to R.R.Scarborough, and R.R.Scarborough will have the right to purchase such stock from the purchasers at a price of \$105.00 per share plus interest, at the rate of seven percent. per annum upon the par value of the stock from the date of its sale. A copy of the agreement has been filed with the Commission and from such agreement it appears that R.R.Scarborough is obligated to purchase such stock at any time after twelve months and prior to eighteen months from the date of the agreement. The holder of stock likewise agrees to sell to R.R.Scarborough his stock at a price of \$105.00 per share plus a sum equal to seven percent. per annum on the par value of the stock from the date of the agreement at any time after twelve months and prior to eighteen months from the date of the agreement. The purchasers of the common stock of the San Geronio Power Company should realize that the Commission has no authority to enforce the agreement and that if any question should arise relative to its interpretation, that such agreement will have to be construed and enforced by the courts rather than by this Commission. The Commission, however, is proceeding on the theory that the parties to the agreement will execute and carry out the same in good faith and that if a purchaser of stock desires to have his money back, R. R. Scarborough will, within the time specified, purchase the same at the price indicated.

A public hearing was held in this matter by Examiner Fankhauser. The Commission has considered the request of the applicant and is of the opinion that the money, property or labor to be procured or paid for by the issue of the \$100,000.00 of common stock is reasonably required by applicant and that applicant should be permitted to issue such stock for the purposes indicated in this order.

IT IS THEREFORE ORDERED as follows:-

1. San Geronio Power Company may issue and sell on or before March 1, 1925 at not less than par \$100,000.00 of its common capital stock and use the proceeds for the following purposes:-

a.	To pay expenses in connection with the sale of stock an amount not exceeding 15 percent. of the par value of the stock sold, such expenses not to exceed	\$15,000.00
b.	To pay amounts representing materials purchased	3,000.00
c.	To cover lower canal	5,000.00
d.	To construct steel by-pass from Tank No. 2	3,000.00
e.	To complete storm control dams	12,000.00
f.	To construct fire-breaks and trails	6,000.00
g.	To finance excess cost of plants	39,027.90
h.	To refund interest payments	14,000.00
i.	Miscellaneous	<u>3,680.56</u>

TOTAL..... \$100,708.46

Any proceeds not needed for any of the aforesaid purposes may be expended only for such purposes as the Commission will authorize in supplemental order or orders.

2. The issue of the stock herein authorized is upon the express condition that R. R. Scarborough and each and every purchaser of common stock enter into an agreement substantially the same as the agreement filed with this Commission on November 20, 1924.

3. San Geronimo Power Company shall keep such record of the issue, sale and delivery of the stock and bonds 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.

4. The authority herein granted will become effective upon the date hereof.

DATED at San Francisco, California, this 2nd day of ~~November~~ ^{December}, 1924.

C. Seavey

Irving Masten

Egerton Shore

J. L. Whitney

Commissioners.