

LRM

Decision No. 17039.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CENTRAL MENDOCINO COUNTY POWER COMPANY)
for an order authorizing the issuance)
of \$50,000.00 of ten year six percent)
notes.)

ORIGINAL

Application No. 12897

Edward Morris, for applicant.
John S. Prohl, in propria persona and for
other stockholders, protestant.

BY THE COMMISSION:

OPINION AND ORDER

Central Mendocino County Power Company asks permission to execute a second mortgage and to issue three notes of \$10,000. each, bearing interest at six percent per annum, each payable in annual installments of \$1,000.00, for the purpose of refunding outstanding indebtedness.

By Decision No. 15590, dated October 31, 1925, in Application No. 11804, the company was authorized, among other things, to issue \$50,000.00 of unsecured notes, payable on or before three years after date, with interest at not exceeding five percent per annum, to refund three short term notes for \$10,000.00 each, then outstanding, which had been issued to finance, in part, the cost of constructing or acquiring applicant's plants and properties. Applicant now reports that in place of the \$50,000.00 of notes, due August 7, 1928, it desires to issue three new notes for \$10,000 each, payable in annual installments over a period of ten years, final payment being April 1, 1936. The effect of this transaction, and the purpose of this application, is to spread the maturity of the indebtedness over a period of ten years, instead of having

the entire amount fall due at one time.

Mr. Prell, although in favor of having the company execute a second mortgage, questions two provisions of the proposed mortgage and suggests that the maturity of the notes and the time for the partial payments be fixed at a date so that several months would elapse between such date and the date on which the company must pay interest and sinking fund on its first mortgage bonds. The record shows that it is the intention of the company to make monthly deposits to accumulate funds to pay the interest and principal of the notes. If this is done, there is no need to change the maturity date of the notes. We have considered the provisions of the proposed mortgage and find the same to be in satisfactory form.

A public hearing was held in the matter, before Examiner Fankhauser. The Commission has given consideration to applicant's request and is of the opinion that it should be granted as herein provided, that the money, property or labor to be procured or paid for through the issue of the notes herein applied for, is reasonably required by applicant, for the purposes specified herein, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expense or to income, therefore,

IT IS HEREBY ORDERED that Central Mendocino County Power Company be, and it hereby is, authorized to execute a mortgage, substantially in the same form as that filed with the application herein, and to issue three notes for \$10,000.00 each, bearing interest at not exceeding six percent per annum, and each payable in annual installments of \$1,000.00 and maturing in their entirety on April 1, 1936, for the purpose of paying or refunding the outstanding notes of \$30,000.00 to which reference is made herein.

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

1. The authority herein granted to execute a mortgage is for the purpose of this proceeding only, and is granted only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said mortgage as to such other legal requirements to which said mortgage may be subject.
2. Applicant shall keep such record of the issue of the notes herein authorized as will enable it to file within thirty days thereafter a verified report, as required by the Railroad Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.
3. The authority herein granted will become effective when applicant has filed with the Commission a verified statement showing that applicant's stockholders have authorized the execution of the mortgage and the issue of the notes.

DATED at San Francisco, California, this 2^d day of July 1926.

H. B. Brundage

O. S. Sewell

Ernest W. Smith

Commissioners.