

ES

Decision No. 10910

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of )  
FAIR OAKS ELECTRIC COMPANY, )  
a corporation, for an order author- )  
izing the issuance and sale of bonds )  
by said corporation. )

Application Number 7574

ORIGINAL

Elliott and Atkinson,  
by F.F. Atkinson, for Applicant.

BY THE COMMISSION:

O P I N I O N

In this application FAIR OAKS ELECTRIC COMPANY asks permission to execute a deed of trust and to issue and sell \$10,000. face value of first mortgage bonds.

A public hearing was held before Examiner Satterwhite in San Francisco on March 24, 1922. On July 14, 1922, the company filed a copy of its proposed trust deed and the matter is now ready for decision.

Fair Oaks Electric Company was incorporated on or about January 23, 1922, for the purpose of acquiring and operating the electric distributing system owned by R. A. Rose at Fair Oaks, Sacramento County. By Decision Number 10064, dated February 8, 1922, applicant was authorized to acquire such properties and, in consideration, to issue \$10,000.00 of its capital stock and to assume the payment of indebtedness aggregating \$6,514.51.

The company now proposes to execute a deed of trust on all its properties to secure the payment of \$10,000.00 of first mortgage gold bonds. These bonds, all of which applicant now

asks permission to issue, are dated July 1, 1922, bear interest at 7% per annum, mature serially in equal annual amounts of \$500.00 on the first day of July of each of the years 1927 to 1946, both inclusive, and, at the option of the company are callable on any interest payment date on and after July 1, 1927, upon the payment of principal, accrued interest and a premium of one per cent. of the principal.

While applicant asks permission to issue the entire authorized amount, it proposes at this time to sell only \$7,000.00 of bonds. The remaining \$3,000.00 of bonds will be sold or otherwise disposed of at such time and for such purposes as the Commission may indicate in a supplemental order.

The company proposes to sell the \$7,000.00 of bonds at face value and to use the proceeds to refund outstanding indebtedness and to pay for additions and betterments. By Decision Number 9630, dated October 21, 1921, in Application Number 7182, the Commission authorized R. A. Rose to execute a mortgage and to issue \$10,000.00 of seven percent. 10 year notes. It was planned to issue only \$7,000.00 of notes at that time and to use approximately \$6,580.00 of the proceeds to pay outstanding indebtedness and approximately \$420.00 to install meters on services not at that time supplied with them. The testimony in Application Number 7182 shows that the indebtedness to be refunded represents money invested in fixed capital.

It appears that none of the notes authorized by Decision Number 9630 were issued, for the reason that shortly thereafter the system was transferred to applicant and that it has been found necessary to issue bonds, rather than notes, to refund the indebtedness and to finance the cost of meters.

O R D E R

FAIR OAKS ELECTRIC COMPANY having applied to the Railroad Commission for permission to execute a mortgage or deed of trust and to issue bonds, a public hearing having been held and the Railroad Commission being of the opinion that the application should be granted as herein provided, and that the money, property or labor to be procured or paid for by the issue of bonds herein authorized, is reasonably required for the purpose or purposes specified herein, and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that FAIR OAKS ELECTRIC COMPANY be, and it is hereby, authorized to execute a deed of trust substantially in the same form as that filed in this proceeding on July 14, 1922, and issue \$10,000.00 of its first mortgage seven percent. gold bonds.

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

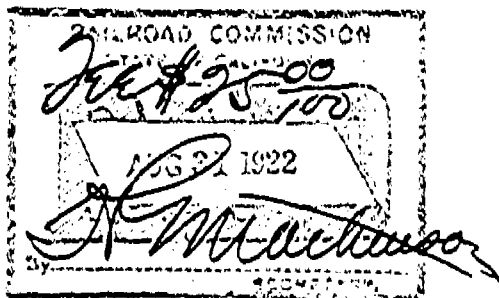
- 1..... Applicant may sell \$7,000.00 of the bonds herein authorized on or before December 31, 1922, at not less than face value plus accrued interest, and use the proceeds to refund the indebtedness and to finance the cost of capital additions to which reference is made in the foregoing opinion. The remaining \$3,000.00 of bonds may be sold, or otherwise disposed of, only as authorized by the Commission in a supplemental order or orders in this proceeding.
- 2...The authority herein granted to execute a deed of trust is for the purpose of this proceeding only and is granted only in so far as this

Commission has jurisdiction under the Public Utilities Act and is not intended as an approval of said deed of trust as to such other legal requirements to which said deed of trust may be subject.

3....The authority herein granted will not become effective until applicant has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee amounts to \$25.00.

4....Applicant shall keep such record of the issue and sale of the 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.

DATED at San Francisco, California, this 24<sup>th</sup> day of August, 1922.



*H. B. Dunning*  
*Waring Martin*  
*J. F. Benedict*

Commissioners.