

ORIGINAL

In the Matter of the Application  
of PACIFIC POWER COMPANY for an  
order authorizing the issue of  
promissory notes of the face  
value of \$76,000.00.

Application No. 1265.

Decision No. 1877

Delos A. Chappell for applicant.

THELEN, Commissioner.

O P I N I O N.

This is an application for an order authorizing the issue of promissory notes of the face value of \$76,000.00 in lieu of notes of the same face value heretofore issued without the Railroad Commission's authorization.

Applicant owns and operates a hydro-electric plant having an installed capacity of 3000 K. W., located on Mill Creek in Mono county. A small amount of the electric energy generated by applicant is distributed in and about Bodie, California, but the major portion of the energy is transmitted into Nevada and there distributed in mining communities.

On March 18, 1912, applicant's directors made arrangements with Delos A. Chappell, L. C. Phipps, James E. Causey and M. D. Thatcher to borrow from them the sum of \$100,000.00, to be used in part to pay off floating indebtedness and in part to build a dam at the mouth of Lundy Lake. Notes to represent the sum so loaned were issued by applicant on April 17, 1912, subsequent to the effective date of the Public Utilities Act, in denominations of \$1,000.00 each. Of these notes, 24 were for the period of one year and 76 for the period of two years. Under the provisions of Section 52 of the Public Utilities Act, the 76 notes are absolutely void, for the reason that their term is in excess of twelve months and the Railroad Commission's authority for their issue was

not first secured. These notes were issued in ignorance of the law and with no intention to violate the law.

Applicant now asks authority to issue new notes for \$76,000.00, in lieu of those heretofore illegally issued. A public hearing on this application was held in Los Angeles on September 30, 1914. I find that the purposes for which the moneys so borrowed were used are not reasonably chargeable to operating expenses or to income and recommend that the application be granted.

I submit the following form of order:

O R D E R.

PACIFIC POWER COMPANY having applied to the Railroad Commission for an order authorizing the issue of 76 promissory notes of the face value of \$1,000.00 each, bearing interest at the rate of 7 per cent per annum, payable two years after date, payable as to 19 notes to M. D. Thatcher or order, as to 38 notes to Delos A. Chappell or order and as to 19 notes to L. C. Phipps or order, in lieu of 76 notes of the same face value heretofore illegally issued, and a public hearing having been held on said application, and the Railroad Commission finding that the purposes for which the proceeds of the notes which were illegally issued were used were not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that said application be and the same is hereby granted, subject to the following conditions and not otherwise:

1. Pacific Power Company shall issue the 76 new notes at face value, but only after the 76 outstanding illegal notes have been called in and cancelled, and in lieu thereof.

2. Pacific Power Company shall report to the Railroad Commission the fact of the issue of the new notes and the purposes for which issued, within ten days after their issue.

3. The order herein shall apply <sup>only</sup> to such notes as may be issued on or before January 1, 1915.

4. The order herein shall not become effective until applicant has paid the fee specified by Section 57 of the Public Utilities Act, as amended.

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 6<sup>th</sup> day of October, 1914.

Railroad Commission of California  
Fee \$76.00  
OCT 14 1914  
BY J. P. McArthur  
Assistant Secretary.

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Alex Gordon

Max Steiner

Edwin O. Edgerton

Commissioners.