

## BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the matter of the application of the Tulare County Power Company, a corporation, for an order authorizing it to extend twenty of its \$10,000 notes, in favor of C. J. Wrightman, which notes are due and payable from said Tulare County Power Company to said C. J. Wrightman February 1, 1915; and for an order authorizing it to execute its note for \$100,000 to three trustees to be elected by the stockholders who have subscribed a fund of \$100,000 to loan to said company, and authorizing said Tulare County Power Company to execute a deed of trust, or mortgage, together with a chattel mortgage, covering all of its property to said trustees, to secure the payment of said \$100,000 note.

Application No. 1484.

C. E. Bush, for applicant.

LOVELAND, Commissioner.

O P I N I O N

This application was filed with the Commission on January 8, 1915. A hearing was held in Lindsay, Tulare County, on February 1, 1915. At this hearing Mr. C. E. Bush, acting for Tulare County Power Company, asked leave and was granted permission to amend this application.

It was the purpose under the original application to extend \$200,000 of notes now outstanding; to issue a new note for \$100,000 and to execute trust agreements or mortgages as security for these notes.

As amended at the hearing, the applicant asked for authority to extend \$250,000 of notes now outstanding and to issue a new note or notes payable one day after date, in a sum not to exceed \$50,000. It is proposed that the notes in the sum of \$250,000 be extended merely by a mutual agreement embodied in the form of letters and telegrams between the applicant and the payee by merely allowing them to ride.

In this amended application as presented to the Commission at the hearing, I find nothing which requires the authorization of this Commission under the terms of the Public Utilities Act. No request is made to issue new notes for a period in excess of one year.

This applicant is now indebted to Mr. C. J. Wrightman in the sum of \$250,000. This indebtedness is represented by twenty-two notes in amounts and maturities as follows:

One note for \$25,000, due February 1, 1914  
One note for \$25,000, due August 1, 1914  
Twenty notes for \$10,000, each due February 1, 1915.

These notes are payable to Mr. C. J. Wrightman. They are secured by a deed of trust covering the properties of Tulare County Power Company. In addition, a number of the stockholders of Tulare County Power Company have given a bond, with their land holdings as security, to further secure the payment of the indebtedness to Mr. Wrightman. Under the terms of these agreements, the notes payable to Mr. Wrightman are to bear 12 per cent interest after the date of their maturities. As these notes have now all matured, the Tulare County Power Company, therefore, is under obligation to pay to Mr. Wrightman interest at the rate of 12 per cent per annum on this indebtedness.

An assessment has been levied by Tulare County Power Company on its stockholders and it proposes to pay at this time \$50,000 upon this indebtedness, reducing its obligation to Mr. Wrightman to \$200,000. It is the plan of the applicant to raise further funds from its stockholders during the year through an issue of notes or otherwise, and in this manner to reduce substantially or to discharge completely its indebtedness to Mr. Wrightman.

While there is nothing in this application that requires an affirmative authorization from this Commission, a hearing developed three essential particulars in which the applicant might better its condition.

It appears that the applicant is serving one class of consumers who are holders of what is known as "consumers common stock" at a special rate assumed to be the cost of the service. This is a flat rate of \$42 per horsepower per year for power for pump irrigation. The general rate for this same service is \$50 per horsepower. The attention of this applicant had previously been called to this discrimination, and I repeat the suggestion heretofore made that this discrimination should be removed. Applicant's patrons, whether they be holders of applicant's stock or not, should be placed upon the same rate basis.

A second element which has caused some trouble to the applicant has been the contract under which it purchased power from the San Joaquin Light & Power Corporation. The applicant has paid for this power \$40 per horsepower per annum, has contracted for a minimum of 1,000 horsepower regularly and has been under the obligation to pay for a greater amount if for a given period at peak load it used more than this minimum. The applicant and San Joaquin Light & Power Corporation have been in litigation over certain phases of this contract and service between the two has now ceased.

The third essential difficulty has been the high rate of interest which the Tulare County Power Company has been paying for borrowed money.

For the calendar year 1914 the applicant's gross revenue was \$143,021.99 and its net revenue after the payment of operating expenses, \$17,204.81. After the payment of interest, the company showed a deficit for the year of approximately \$20,000.

I recommend, therefore, that the applicant address itself particularly to the three matters herein called to its attention.

As I find that the matters presented, as amended, do not require an authorization from this Commission, I recommend that the application be dismissed.

O R D E R

Tulare County Power Company having made application to this Commission for authority to extend notes and to execute certain mortgages or deeds of trust as indicated in the foregoing opinion,

And Tulare County Power Company at the hearing held thereon having amended said application as indicated in the foregoing opinion, and a hearing having been held and it appearing that the matters presented in said amended form of application do not require the authorization of this Commission,

IT IS HEREBY ORDERED that this application be and the same is hereby dismissed without prejudice.

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 6th day of February, 1915.

Max Thelen  
Edw. J. Edwards  
Edwin C. Edgerton  
Francis R. Dolan

Commissioners.