

Decision No. ✓

ORIGINAL

Decision No. 2192

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the Application of
PLUMAS LIGHT AND POWER COMPANY
for an order authorizing the issuance of bonds.

Application No. 1438.

Philip Bancroft for applicant.

LOVELAND, Commissioner.

O P I N I O N.

In this application Plumas Light and Power Company, formerly Indian Valley Electric Light and Power Company, asks for authority to execute a mortgage or deed of trust, securing the payment of First Mortgage Twenty Year Six Per Cent Gold Bonds to the face value of \$100,000.00. Applicant further asks for authority to issue and sell bonds secured by said mortgage to the face value of \$52,000.00 at not less than 80 per cent. of face value. Permission is also asked to apply the proceeds to be derived from the sale of said bonds to the following purposes:

To reimburse the treasury for notes paid,.....	\$4,088.78.
To reimburse treasury for expenditures for additions and betterments,.....	297.80.
To pay outstanding notes,.....	4,593.85.
To pay for cost of extensions, additions and betterments,.....	32,431.27.
Balance,.....	188.30.
Total,.....	\$41,600.00

By Decision No. 1629 dated June 29, 1914, this Commission dismissed Application No. 1156, as amended, wherein Indian Valley Electric Light and Power Company asked for an order permitting it to use part of the proceeds derived from the sale of bonds authorized by Decision No. 232, dated September 21, 1912, to pay for the cost of installing a hydro-electric plant near Greenville, Plumas County. The order of September 21, 1912, as extended, expired June 30, 1914.

The principal reason, as set forth in the Opinion, for dismissing Application No. 1136 was the pending litigation between Round Valley Water Company, whose property applicant desires to lease, and E.L. Lindblom, relative to the title of certain water rights claimed by Round Valley Water Company. To quote from the opinion:

"The Commission manifestly cannot authorize the issue of bonds based on a law suit where a substantial issue is involved in the suit."

According to the evidence submitted in support of the present application, this litigation is still pending. Because of the former order of this Commission, I have examined the evidence submitted in this proceeding, with a view of ascertaining whether any material facts have been brought to this Commission's attention in this proceeding which would warrant the modification of its order dated June 29, 1914.

I find that on June 15, 1914, the Superior Court of Plumas County issued an order whereby the name of Indian Valley Electric Light and Power Company was changed to Plumas Light and Power Company.

By Decision No. 1247, dated July 3, 1914, this Commission authorized Plumas Light and Power Company to lease the property of Round Valley Water Company. It should be noted, however, that in its order the Commission called attention to the fact that it did not assume to pass upon the question of the title to the water stored or to be stored in Round Valley Water Company's reservoir. Therefore, that decision may not be advanced by applicant in this proceeding as a basis of a bond issue.

The district which Plumas Light and Power Company proposes to serve consists of Indian Valley, a mountain meadow of about seventeen square miles, situated at an elevation of three thousand five hundred feet. While a large number of gold and copper mines are located in the mountains surrounding this valley, few are being

operated at present. Unless the mines are put in operation, the principal source of revenue of applicant will be consumers in the small towns of Greenville, Crescent Mills and Taylorsville.

The present electric properties of Plumas Light and Power Company are located near Greenville. These properties consist of one hundred and twenty acres of meadow and hill lands on which the present plant is located; a forty horse power two hundred foot head hydroelectric plant; and a two thousand two hundred volt distribution system, approximately nine and one-fourth miles in length, serving the towns of Greenville, Crescent Mills and the United States Indian school.

The Engineering Department of this Commission estimates the reproduction value of applicant's present plant as follows:

Lands,.....	\$8,000.00
Hydraulic Plant Development,.....	8,000.00
Nine miles of distribution lines at \$650.00,.....	5,850.00
Transformers and meters,.....	1,800.00
Engineering, Superintendence, etc.,...	<u>2,200.00</u>
Total,.....	\$25,850.00

The present value of the plant is estimated not to exceed \$21,000.00.

Applicant has eighty-four consumers. Its revenue for the calendar year 1914 averaged approximately \$226.00 per month. Its operating expenses were about equal to the revenue. Because of the lack of generating capacity, applicant has been able to operate its plant only during part of each day.

Applicant now proposes to install a four hundred horse power hydroelectric plant with an effective head of six hundred and ninety feet. The ultimate development contemplated is an eight hundred horse power plant under a seven hundred and ninety seven foot head. In installing this plant, applicant intends to use the water stored in the Round Valley Water Company's reservoir. This reservoir, located at an elevation of four thousand five hundred feet, has a maximum area of four hundred and twenty acres and

a storage capacity of three thousand five hundred acre feet.

Applicant estimates, as shown in Exhibit "A", that the cost of installing this four hundred and forty horse power hydroelectric plant will be approximately \$32,431.27. The Engineering Department of this Commission estimates the cost of installation at \$33,825.00, of which \$21,750.00 represents the cost of the production system and \$12,075.00 the cost of the distribution system.

In Application No. 1136, as originally filed, applicant contemplated the construction of a transmission line from Greenville to Big Meadows, where Great Western Power Company would supply applicant with current generated at its Butte Creek plant. After Mr. Bidwell of Round Valley Water Company had his attention called to the plan of Plumas Light and Power Company relative to the construction of a transmission line, he at once entered into negotiations to lease his Round Valley reservoir to applicant. The officers of the Company, therefore, abandoned the Great Western project, and since then, have devoted their attention to the installation of the hydroelectric plant, to which reference has heretofore been made.

There are two elements in this general situation, which appear to render it unwise to authorize at this time the bond issue as applied for. The first difficulty is the pending litigation over the water rights claimed by Round Valley Water Company. The lease of Plumas Light and Power Company of these properties gives it the option of purchase, but I believe it of doubtful wisdom for this applicant to proceed with the construction of a hydroelectric plant with titles in controversy, as in this instance, and particularly, when we are informed that a decision may soon be expected in this matter. The second element in this situation, to which I have referred, relates to the determination of which is the more feasible of two plans for the Plumas Light and Power Company to pursue. It may, as it here proposes, construct its own hydro-

electric plant and serve the territory which it has mapped out for itself. It may be possible also for this company to construct a transmission line from Greenville to Big Meadows, as it proposed in Application No. 1136, to connect with the Great Western Power Company. From the evidence at hand, I am not satisfied that the plan herein proposed is the more practical and beneficial from all points of view.

The territory embraced within the scope of this applicant's proposed operations is entitled to good service at fair rates. At the present time, I find that the top lighting rates in this territory are as follows:

- Minimum rate,.....\$1.50 per month,
- If monthly consumption is less than 79 K.W.H.,
rate is 15 cents per K.W.H.
- If monthly consumption is over 80 and less than 129 K.W.H.,
rate is 13 cents per K.W.H.
- If monthly consumption is over 130 and less than 189 K.W.H.,
rate is 12 cents per K.W.H.,
- If monthly consumption is over 190 and less than 244 K.W.H.,
rate is 11 cents per K.W.H.

I suggest to the applicant that it give earnest consideration to the various methods of meeting the problem before it, and that after such general study, it again apply to this Commission for authority to issue its securities. It may be when the litigation over the water rights, heretofore referred to, has been settled that the company will be able to make more satisfactory arrangements for the construction of its proposed hydroelectric plant. For the present, however, I believe this application should be denied without prejudice. Accordingly, I recommend the following form of Order.

O R D E R.

Plumas Light and Power Company having applied to this Commission, as set forth in the foregoing Opinion, for authority to issue \$52,000.00 of its six per cent. 20-year bonds, and a hearing having been held and it appearing for the reasons as set forth in the foregoing Opinion, that said application should be denied.

IT IS HEREBY ORDERED that the same be and is hereby denied without prejudice.

The foregoing Opinion and Order are hereby approved and order filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 3rd day of March, 1915.

Max Shelton
H. S. Rowland
W. G. ...
Edwin O. Edgerton
Francis R. ...
Commissioners.