

ORIGINAL

In the matter of the application of C. H. L. CHEST, JR., (engaged in business as an electrical utility at Banning, California, under the fictitious name of THE LIGHT AND POWER UTILITY) for an order authorizing the execution of a mortgage.

) Application No. 1690.

Isaac B. Potter for applicant.

THEBEN. Commissioner.

O P I N I O N.

This is an application for authority to execute a mortgage of utility property to secure the payment of a promissory note for \$600.00.

Applicant is engaged in the business of selling electric energy for light and power purposes in Banning, California, under a franchise granted by the City of Banning by Ordinance No. 56, adopted on August 21, 1914, and a certificate of public convenience and necessity granted by the Railroad Commission on January 15, 1915, in Application No. 1448.

Applicant is the only utility selling electric energy in Banning. His service began in December, 1914, since which time applicant has gradually extended his business in Banning. Applicant buys his electric energy at wholesale from The Southern Sierras Power Company and sells it at retail.

Applicant has invested an amount claimed to be \$6,000.00, in construction work in Banning and in material on hand. Applicant has exhausted his resources and now desires to borrow money for the following purposes:

1. To pay The Southern Sierras Power Company for electric energy supplied during March and April, 1915.....\$167.45
2. To pay sundry indebtedness for current expenses.. 232.55
3. To pay freight on poles from Newport Beach..... 100.00
4. To pay for copper wire to be purchased from the

City of Los Angeles..... \$ 130.00

Applicant desires now to borrow \$600.00 from The Sierras Construction Company, a construction company controlled by the same interests which control The Southern Sierras Power Company, for one year at 7 per cent interest, and to mortgage his utility property to secure the payment of the note, according to a form of mortgage attached as Exhibit B to the petition herein. The Sierras Construction Company is willing to extend the note for a second year in case Mr. Gariest is unable to pay the note by the end of the first year.

As the promissory note is to run for a term not to exceed twelve months and is not a renewal note, this Commission's consent is not necessary for the execution of the note. The mortgage, however, must be authorized by this Commission.

Applicant's counsel stated that applicant's revenues will hardly pay operating expenses at present, but that applicant hopes shortly, with extended business, to make a profit.

While I have some hesitation in recommending that applicant be authorized to mortgage his entire property to secure payment of a note for only \$600.00, it seems difficult to segregate the property or to secure responsible endorsers of the note, and there seems to be no way to avoid this procedure at this time. However, the assurance of counsel for The Sierras Construction Company that the loan may run for two years, if necessary, will give applicant two years in which to get on his feet.

I recommend that the application be granted, subject to the conditions contained in the following order:

O R D E R.

C. H. L. GARIEST, JR., engaged in business as an electrical utility at Banning, under the name of The Light and Power Utility,

having asked for an order authorizing him to execute a mortgage to The Sierras Construction Company of his entire utility property at Banning, California, in substantially the form of mortgage attached to the petition herein and marked Exhibit B, to secure the payment of a promissory note for \$600.00, payable to The Sierras Construction Company and bearing interest at 7 per cent per annum, and a public hearing having been held on said application,

IT IS HEREBY ORDERED that C. H. L. Christ, Jr., doing business as an electrical utility under the name of The Light and Power Utility at Banning, California, be and the same is hereby authorized to execute to The Sierras Construction Company a mortgage of his entire utility property in Banning, California, in substantially the form attached as Exhibit B to the petition herein, on the following conditions and not otherwise, to-wit:

1. Said mortgage shall secure the payment of a promissory note for \$600.00, bearing interest at the rate of 7 per cent per annum, payable to The Sierras Construction Company.
2. The proceeds from said note shall be used only, as far as they will go, for the following purposes:-
 - (a) To pay The Southern Sierras Power Company for electric energy supplied during March and April, 1915, not to exceed \$167.45.
 - (b) To pay sundry indebtedness for current expenses, not to exceed \$232.55.
 - (c) To pay freight on poles from Newport Beach, not to exceed \$100.00.
 - (d) To pay for copper wire to be purchased from City of Los Angeles, not to exceed \$130.00
- (3) Before executing the mortgage herein authorized applicant shall secure and file with the Railroad Commission a letter from The Sierras Construction Company agreeing to extend

