

Decision No. _____

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

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ORIGINAL

Decision No. 2697

In the matter of the Application of)
TUOLUMNE ELECTRIC COMPANY) Application No. 1798.
for order authorizing issue of notes.)

J.P. O'Brien for applicant.

THEBLEN, Commissioner.

O P I N I O N.

In this application, TUOLUMNE ELECTRIC COMPANY asks authority to issue certain notes in lieu of notes issued without authorization from this Commission.

Applicant asks authority to issue notes as follows:

PAYEE	PRINCIPAL	ACCRUED INTEREST	RATE OF INTEREST	TOTAL, PRINCIPAL AND INTEREST
Garden City Bank and Trust Company	\$10,000.00	\$	7%	\$10,000.00
Tuolumne Transmission Company	2,100.00	528.26	7%	2,628.26
P.H. Mabury	459.10	106.33	6%	565.43
	\$12,559.10	\$688.59	--	\$13,247.69

On June 1, 1905, Tuolumne Electric Company borrowed \$5,000 from Garden City Bank and Trust Company of San Jose. The note given as an evidence of this indebtedness was paid in 1907.

On September 29, 1906, the sum of \$5,000 was borrowed from the Bank. Another \$5,000 was borrowed December 7, 1907. The notes given for the amount borrowed on September 29, 1906, and December 7, 1907, have been renewed from time to time. On August 20, 1914, the two notes were consolidated and one note issued to the bank. The note is endorsed by certain of the stockholders of Tuolumne Electric Company. The testimony is to the effect that the money borrowed from Garden City Bank and Trust Company was used for construction purposes. The interest on the note or notes has been regularly paid.

On December 29, 1910, Tuolumne Electric Company issued a note for \$2,100 to Tuolumne Transmission Company. Of the proceeds, \$1,800 was used to pay semi-annual bond interest and \$300 to pay semi-annual interest on note for \$10,000 payable to Garden City Bank and Trust Company. The interest due on this note amounts to \$582.26 and is included in a new note issued February 18, 1915, to Tuolumne Transmission Company. The note issued on February 18, 1915, was issued without the authority of this Commission, but without any intention to violate the Public Utilities Act.

On August 10, 1911, P.H. Mabury, a stockholder of Tuolumne Electric Company loaned \$459.10 to the company to pay for the cost of constructing a flume. Interest in the amount of \$106.33 remains unpaid. On February 18, 1915, applicant, without authority from this Commission, issued to P.H. Mabury a note for the sum of \$565.43, in renewal of the note for \$459.10 and the unpaid interest in the sum of \$106.33.

Applicant in its annual report for the year ending December 31, 1914, reports assets and liabilities as follows:

ASSETS:

Fixed Capital,	\$135,217.34
Cash and Deposits,	17.52
Miscellaneous Accounts Receivable,	312.87
Discount on Stock,	108,597.75
Discount on Bonds,	8,488.99
Deficit,	<u>77,506.31</u>
Total,	\$328,140.78

LIABILITIES:

Stock,	\$145,865.00
Bonds,	88,000.00
Notes Payable,	12,665.16
Accounts Payable,	25,586.44
Stock Assessments,	<u>55,024.24</u>
Total,	\$328,140.78

Applicant has reported earnings and expenses for the years 1913 and 1914, as follows:

	<u>1913</u>	<u>1914</u>
Operating Revenues,	\$2,414.04,	\$4,652.13
Operating Expenses,	<u>5,580.14,</u>	<u>6,653.64</u>
Net Operating Loss,	\$3,166.10,	\$2,001.52

Deductions:

Other Operating Expenses, . . . \$ 820.93,	\$ --	
Non Operating Taxes,	541.14,	455.24
Interest on Funded Debt,	3,600.00,	3,600.00
Other Interest,	<u>612.00,</u>	<u>668.25</u>
Total Deductions,	\$5,574.07,	\$4,723.49
Total Loss for Year,	\$8,740.17	\$6,725.01

Tuolumne Electric Company was organized March 18, 1903. Its report shows that it owns a 600 K.W. hydro-electrical generating plant located on the Tuolumne River near Groveland, Tuolumne county. All of its electrical energy is sold to the Tuolumne Transmission Company, organized February 20, 1908, by some of the stockholders of Tuolumne Electric Company.

The Tuolumne Transmission Company has reported earnings and expenses as follows:

ITEM	1913	1914
Operating Revenues,	\$5,599.67	\$8,233.55
Operating Expenses,	6,751.94	9,324.29
Net Operating Loss,	<u>\$1,152.27</u>	<u>\$1,090.74</u>
<u>Deductions:</u>		
Insurance,	--	187.11
Non Operating Taxes,	--	285.03
Interest Expenses,	48.99	--
Non-Operating Expenses,	193.54	--
	<u>\$ 242.53</u>	<u>\$ 472.14</u>
Deficit for year,	\$1,394.80	\$1,562.88

Tuolumne Transmission Company has an accumulated deficit of \$3,277.59. It sells no electrical energy for domestic purposes. All of its energy is sold to mines. At the present time, the company has but three consumers.

The reports on file with this Commission show that the earnings of the Tuolumne Electric Company are inadequate to pay operating expenses and interest.

Applicant reports an accumulated deficit of \$77,506.31. It has a first mortgage bonded indebtedness of \$60,000 and a second mortgage bonded indebtedness of \$28,000. The second mortgage bonds are held by stockholders, who have waived the payment of bond interest. In addition to the bonded indebtedness secured by a first and second mortgage, applicant on December 31, 1914, owed \$12,665.10 in the form of notes payable and \$26,586.44 in the form of accounts payable. Of the accounts payable, \$26,418.32 is due the Tuolumne Transmission Company, which reports its total indebtedness as follows:

R.W. Hersey,	\$13,935.05
P.J. Dunne,	15,605.19
E.J. Hersey,	62.55
Star King Mine,	345.48
West Side Lumber Company,	708.98
Overdraft,	1,657.10
Miscellaneous,	<u>527.89</u>
Total,	\$32,836.24

Some years ago the financial outlook of Tuolumne Electric Company was more favorable than at present. The only solution, which witness for applicant offered for the present financial condition, is the sale of the property to another

power company. The evidence shows that negotiations for such sale are now pending. For that reason it is to the interest of applicant that its status quo be maintained.

Applicant does not ask authority to create, except as to accrued interest, a new indebtedness, but merely to continue its present obligations. Because of the financial condition of applicant, I do not believe that this Commission should authorize applicant to add the unpaid interest due to Tuolumne Transmission Company and to P.H. Mabury to the principal of the notes in favor of the respective parties.

I herewith submit the following form of Order.

O R D E R.

Application having been made by Tuolumne Electric Company for an order authorizing the issue of promissory notes in the principal sum of \$13,247.69,

And a public hearing having been held and it appearing to the Commission that for reasons set out in the foregoing opinion, said application, subject to the conditions of this order, should be granted.

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that Tuolumne Electric Company be, and it is hereby authorized, to issue for a term not in excess of one year from the date of this order, its promissory notes to the following payees at the following rates of interest and in the following amounts:

Payee	Rate of Interest	Face Amount
Garden City Bank and Trust Company	7%	\$10,000.00
Tuolumne Transmission Company	7%	2,100.00
P.H. Mabury	6%	459.10

IT IS HEREBY FURTHER ORDERED that the authority herein

granted is granted upon the following conditions and not otherwise:

- (1).- The notes herein authorized to be issued shall be issued in lieu of notes referred to in the foregoing opinion and issued without the authority of this Commission.
- (2).- Applicant, within 30 days after the issuance of any note or notes herein authorized to be issued, shall report to this Commission the name of the payee, the term, rate of interest and face amount of each note issued; also the name of the payee, the term, rate of interest and face amount of the note cancelled by the issuance of the note or notes herein authorized.
- (3).- The authority herein granted to issue notes shall not become effective until applicant has paid the fee specified in Section 57, as amended, of the Public Utilities Act.
- (4).- The authority herein given to issue notes shall apply only to notes issued on or before October 1, 1915.

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.

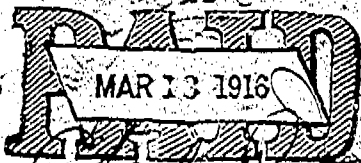
Dated at San Francisco, California, this 12th day of August, 1915.

Max Shelden

Alex Gordon

Francis R. Debra
Commissioners.

Fee \$25.00
Railroad Commission State of California



BY Francis R. Debra
Assistant Secretary.