

Decision No. \_\_\_\_\_

ORIGINAL

Decision No. 3553

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 an issue  
of bonds or notes.

} Application No. 2297.

Curtis Hillyer, for applicant.

BY THE COMMISSION.

O P I N I O N

This is an application by Plumas Light and Power Company, a corporation, for authority to issue a sufficient amount of bonds or notes secured by mortgage on its property to pay for certain proposed extensions, additions and betterments, to refund as much of the company's existing indebtedness as the Commission finds is warranted by the conditions which surround the company, and to put into effect the power rates set forth in Exhibit "C" attached to the petition herein.

The financial history of the company has been reviewed in several decisions of this Commission and it is unnecessary to recite that history here. The properties of the Plumas Light and Power Company are located near Greenville, Plumas County. It appears that the company owns 120 acres of meadow and hill lands. It also owns a 40-horsepower, 200-foot head electric plant, a 220-volt distribution system, which is approximately 9-1/4 miles in length and serves the town of Greenville, Crescent Mills and the United States Indian School.

In connection with Application No. 1438, Volume 6, Opinions and Orders of the Railroad Commission of California, Page 267, the Commission's engineers estimated the reproduction cost of applicant's plant as follows:

Lands .....	\$8,000
Hydraulic plant development .....	8,000
Distribution lines .....	5,850
Transformers and meters .....	1,800
Engineering, superintendence, etc. ....	<u>2,200</u>
Total .....	\$25,850.

Applicant does not operate its generating plant at present but is purchasing electrical energy from Great Western Power Company.

Plumas Light and Power Company proposes to expend \$8,050 for extensions, additions and betterments to its plant. As shown in Exhibit "A", the proposed extensions and improvements consist of the following:

Two miles of transmission line from Taylorsville Tap on the Great Western Power Company line to Taylorsville, 2300 volts, 3 phase, 60 cycle, No. 6 copper wire, \$750 per mile .....	\$1,500
Three miles of transmission line from Taylorsville Tap to Scheiser and Mounds, 2300 volts, 3 phase, 60 cycle, No. 8 copper wire, \$600 per mile .....	1,800
Extension of two miles transmission line above the Indian School, 2300 volts, 3 phase, 60 cycle, No. 8 copper wire, \$600 per mile .....	1,200
Seven miles of third wire put on present pole line from Taylorsville to Crescent Mills and from said substation at Greenville Tap of Great Western Power Company line to Indian School, No. 6 copper wire, \$150 per mile .....	1,050
Meters for new customers in Taylorsville and elsewhere .....	600
Transformers necessary due to above extensions..	<u>1,500</u>
Total .....	\$7,650.

Applicant's engineer estimated that the cost of the proposed extensions and improvements would be \$8,050 instead of \$7,650 as shown in the foregoing statement.

The testimony submitted in support of the application herein shows that applicant has pending 53 power and light applications. Of these, 26 will be served by the Greenville line, 23 by the Taylorsville line and 14 by the Crescent Mills line. The estimated minimum monthly revenue to be derived from the prospective consumers is reported at \$484.50, whereas the increase in operating expenses is estimated \$75 per month.

Applicant reports an indebtedness of \$18,240.62, of which approximately \$3,500 is in the form of a judgment. The balance of the indebtedness is evidenced by promissory notes and accounts payable. Counsel for applicant made the statement at the hearing that in his opinion an extension of the time of payment could be had as to most of the notes outstanding. It is imperative, however, that applicant secure funds to pay for the proposed extensions and improvements and satisfy the judgment entered against it. The application herein is for authority to issue either bonds or notes. In view of the present financial condition of applicant, we are of the opinion that it would be advantageous for applicant to issue notes secured by a mortgage rather than bonds.

We believe that applicant should be permitted at this time to issue notes for a term of five years or less in the sum of \$15,000. A note issue of \$15,000 we believe will be adequate to meet the immediate needs of the company. If not, the Commission will entertain a supplemental application for authority to issue notes in additional amounts. Hereafter,

if the earnings of applicant should increase as predicted, it should be able to market its bonds at a better rate than at present and thus secure funds to pay or refund the notes herein authorized.

Applicant has not submitted for approval a copy of its proposed mortgage or deed of trust. Hence the order herein will provide that no notes shall be issued until this Commission has issued a supplemental order authorizing the execution of a mortgage or deed of trust securing the payment of the notes herein authorized. In such supplemental order the Commission will also fix the price at which the notes may be issued, the rate of interest and the purposes for which the proceeds may be used.

Applicant also asks authority to put into effect a schedule of power rates set forth in Exhibit "C" attached to the application. The rates which applicant proposes to put into effect are as follows:

1 to 5 horsepower motors, single phase only,  
minimum rate \$2.50 per horsepower per month.

First 72 kilowatt hours per horsepower in-  
stalled, \$.05 per kilowatt hour per month.

All over, \$.04 per kilowatt hour per month.

7½ to 10 horsepower, 3 phase motors, minimum  
rate, \$2 per horsepower per month.

First 72 kilowatt hours per horsepower in-  
stalled, \$.04½ per kilowatt hour per month.

Second 72 kilowatt hours per horsepower in-  
stalled, \$.03½ per kilowatt hour per month.

All over 144 kilowatt hours per horsepower  
installed \$.02½ per kilowatt hour per month.

Anything above 10 horsepower will take a  
special rate to be agreed upon between the  
Plumas Light and Power Company and the con-  
sumer.

We find that the rates proposed by applicant are lower than those now in effect and know of no reason why this part of the application should not be granted.

We herewith submit the following form of order:

O R D E R

Plumas Light and Power Company having applied to this Commission for authority to issue bonds or notes and to put into effect certain power rates as heretofore indicated, and a hearing having been held and it appearing that the purposes for which applicant wishes to issue the bonds or notes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Plumas Light and Power Company be given authority and hereby is given authority to issue \$15,000 face value of notes.

IT IS HEREBY FURTHER ORDERED that Plumas Light and Power Company be given authority and hereby is given authority to execute a mortgage or deed of trust securing the payment of said \$15,000 face value of notes.

The authority herein granted is given upon the following conditions and not otherwise:

(1) Within fifteen days after the date of this decision applicant shall submit to this Commission for approval a copy of its proposed mortgage or deed of trust securing the payment of the notes herein authorized to be issued.

(2) Applicant shall use the proceeds from the notes to pay for the proposed extensions and improvements, the cost of which as shown in the foregoing opinion is estimated at \$8,050, to pay a judgment of approximately \$3,500 and

to pay such other indebtedness as may be authorized by the Commission in a supplemental order.

(3) Applicant shall issue the notes herein authorized to be issued only after this Commission shall have issued a supplemental order finding that the foregoing conditions have been fulfilled to the satisfaction of the Commission, and setting forth the specific purposes for which the notes may be used, the minimum price for the sale of the notes and such other conditions as this Commission may set out.

IT IS HEREBY FURTHER ORDERED that Plumas Light and Power Company shall file with the Railroad Commission the schedule of rates hereinafter set out and shall make such rates effective within thirty days after the date of this order, said rates being as follows:

1 to 5 horsepower motors, single phase only, minimum rate \$2.50 per horsepower per month.

First 72 kilowatt hours per horsepower installed, \$.05 per kilowatt hour per month.

All over, \$.04 per kilowatt hour per month.

7½ to 10 horsepower, 3 phase motors, minimum rate, \$2 per horsepower per month.

First 72 kilowatt hours per horsepower installed, \$.04½ per kilowatt hour per month.

Second 72 kilowatt hours per horsepower installed, \$.03½ per kilowatt hour per month.

All over 144 kilowatt hours per horsepower installed, \$.02½ per kilowatt hour per month.

Anything above 10 horsepower will take a special rate to be agreed upon between the Plumas Light and Power Company and the consumer.

Dated at San Francisco, California, this 31<sup>st</sup> day of July, 1916.

*JEH*  
AUG 7 1916  
*A. G. Mackerson*  
BY *A. G. Mackerson*  
Assistant Secretary.

*Max Shelton*  
*H. B. Howard*  
*Chas. Gordon*  
*Edwin O. Edgerton*  
*Frazer R. Robin*  
Commissioners.