

Decision No.       .

ORIGINAL

Decision No. 2498

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of )  
C. S. S. Forney for a preliminary )  
order finding that public convenience )  
and necessity will require the exer- )  
cise of such rights and franchises )  
as he may hereafter obtain from the )  
town of Newman, Stanislaus County; )  
and for an order preliminary to an )  
issue of capital stock. )  
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Application No. 2498.

C. S. S. Forney in propria persona.

GORDON, Commissioner.

O P I N I O N

This is an application of C. S. S. Forney for a certificate that public convenience and necessity require the exercise of such rights and privileges as he may hereafter obtain for the furnishing of gas to the inhabitants of Newman, Stanislaus County.

Mr. Forney further applies for an order that hereafter on proper showing supplementary orders will be issued authorizing Newman Gas Company, a new corporation to be formed, to issue \$15,000.00 par value of seven per cent preferred stock and \$7,000.00 of common stock, the proceeds to be used to defray the cost of rehabilitating and installing a gas plant in the town of Newman.

The history of this application is in brief as follows:

In May, 1915 (Application No. 1681), Mr. Forney applied to this Commission for a preliminary certificate of public convenience and

necessity, he having secured an option to purchase a non-operative gas plant in the town of Newman for the sum of \$2,500.00. The application made by Mr. Forney to the Commission was extremely vague and the Commission asked that he submit a statement giving the following information:

(1) An estimate of the cost of rehabilitating and reconstructing the present distribution system and of installing new equipment.

(2) An estimate of the probable number of consumers to be supplied with gas and the rate to be charged.

(3) The plan for financing.

As this information was not forthcoming within the time fixed by the Commission, Mr. Forney's application for a preliminary certificate was dismissed without prejudice on July 16, 1915 (Decision No. 2612, Vol. 7, Opinions and Orders of the Railroad Commission of California, page 674).

Thereafter on February 28, 1916 (Application No. 2107), Mr. Forney again filed an application for a certificate of public convenience and necessity with which he submitted an estimate that the value of the entire system when completed would be the sum of \$50,350.00. At the hearing it developed that it was Mr. Forney's intention to build the plant as far as possible from second-hand material and that his estimate was highly inflated. It also developed that Mr. Forney had no franchise and that he had taken no steps to obtain one.

The financial plan outlined by Mr. Forney was extremely vague and the Commission held that he had not submitted a full statement of his intentions nor shown his financial ability to carry out the project and that the application should therefore be dismissed. An order to this effect was entered on March 30, 1916, Decision No. 3215.

In the present application Mr. Forney again applies for a certificate of public convenience and necessity and presents in slightly more detail his financial plan. He has also filed a copy of the proposed Articles of Incorporation of Newman Gas Company and revised estimate of cost covering the rehabilitation and installation of the proposed gas plant. The total shown by this estimate is \$21,998.50. To defray the cost of this installation he proposes to sell \$15,000.00 par value of seven per cent preferred stock and \$7,000.00 par value of common stock, to be issued only after supplemental order of the Commission.

I am of the opinion that the estimates and financial plans submitted will afford a working basis upon which this application may be decided, and am further convinced that the people in the town of Newman are desirous of obtaining gas service, if they can be assured of satisfactory service at reasonable rates. For these reasons I am willing to recommend to the Commission that it issue an order preliminary to the issue of a certificate of public convenience and necessity, said certificate to be issued only after Mr. Forney shall have secured a proper franchise from the town of Newman. Until Mr. Forney shall have secured said franchise and certificate of public convenience and necessity, and shall have proceeded with the incorporation of Newman Gas Company, it does not appear necessary for this Commission to pass finally upon Mr. Forney's application to issue stock. Such orders as may hereafter be necessary for the issue of stock can be taken care of by supplemental orders on the filing of proper applications by the utility.

I therefore recommend the following order:

O R D E R

C. S. S. Forney, having applied to this Commission for

a certificate that public convenience and necessity require the exercise of such rights and privileges as he may hereafter obtain for the furnishing of gas to the inhabitants of the town of Newman, Stanislaus County, and for authority to issue stock under supplemental orders of the Commission, and a hearing having been held,

The Railroad Commission of the State of California hereby declares that hereafter, upon application by C.S.S. Forney after the franchise herein mentioned has been secured, the Commission will issue a certificate declaring that public convenience and necessity will require the exercise by C.S.S. Forney of the rights granted by such franchise, upon such terms and conditions as the Commission may then designate.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission.

Dated at San Francisco, California, this 11<sup>th</sup> day of October, 1916.

Max Thelen  
H. Loveland  
Alvin Gordon  
Edwin O. Edgerton  
Frank DeVlin  
Commissioners.