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Decision No. _____.

ORIGINAL

Decision No. 4090

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

In the matter of the application)	
of MOUNT JACKSON WATER AND POWER)	<u>Application</u>
COMPANY for permission to issue)	
promissory note.)	<u>No. 2684.</u>

A. Lemberger for applicant.

BY THE COMMISSION.

O P I N I O N

This is an application for the authority of this Commission to issue a promissory note in the gross sum of Ten Thousand (\$10,000.) Dollars in favor of T. C. Mollersh, same to be payable two years from the date of the making of said note and to bear interest at the rate of seven per cent. per annum, the principal sum payable on or before two years from said above mentioned date, with the privilege of pay-

ing the same in installments at the option of the maker - the applicant herein.

The application was heard before Examiner Encell on January 26, 1917, at San Francisco.

The authorization sought herein is for the purpose of renewing certain outstanding notes of the applicant corporation, which notes have been issued from time to time, and aggregating, as set forth in the petition, the gross sum of \$10,772.25. These notes have been issued for the purpose of covering certain advances made in the main by Mr. T. C. Mellersh in behalf of the corporation for betterments and improvements. Small amounts have, however, in one or two instances, been advanced by him for operating expenses when the revenues of the company did not equal the operating expenses.

In the latter part of 1913 the applicant herein filed a petition for authority to issue \$11,000. of bonds for the purpose of refunding its then existing indebtedness and making certain improvements. The Commission in its opinion expressed the belief that the property was not of a type upon which bonds should be issued to be distributed broadcast to the public but rather it was of the sort upon which short term promissory notes might be issued until it had sufficiently refinanced itself or enlarged itself to make it a proper basis for a bond issue. It was also found that certain new improve-

ments should be installed.

The matter was taken up by the Commission with Mr. T. C. Mellersh, the principal stockholder of the corporation, and the Commission suggested that he should continue to finance the company by advances from himself, taking notes for such advances as he made. In accordance with that direction, that policy has been pursued and under that policy the necessary improvements have been installed.

Permission in this proceeding is sought for the issuance of notes in the sum of \$10,000. to refund the notes given for actual betterments, the additional moneys (\$772.25) to be left in open account, this sum representing the amount of accrued interest on the notes, together with the deficit due to operation.

Since Mr. Mellersh is the owner of all the stock in the corporation, except qualifying shares held by his board of directors, is the sole creditor of the corporation and has proceeded to carry out the plan suggested by the Commission, some unusual condition would of necessity have to intervene in order for the Commission to withhold the authority sought. No such conditions exist. Another sufficient reason for granting the permission sought is that it was developed at the hearing by the hydraulic engineers of the Commission that the physical structures of applicant have a value in excess of

\$10,000. disregarding the intangibles, water rights, rights of way, et cetera.

We are of the opinion that the application should be granted.

O R D E R

MOUNT JACKSON WATER AND POWER COMPANY having applied to this Commission for authority to issue a promissory note in the gross sum of \$10,000. in favor of T. C. Mellersh, to be payable on or before two years from the date of the making of said note, the same to bear interest at the rate of seven per cent. per annum, with the privilege of paying the same in installments at the option of the maker thereof,

And it appearing to this Commission that applicant's request is reasonable and the purposes for which it is proposed to issue said note are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Mount Jackson Water and Power Company, a corporation, be, and it is hereby, authorized to issue a promissory note to T. C. Mellersh in the principal sum of \$10,000, bear-

ing interest at the rate of seven per cent. per annum, said note being payable on or before two years from the date of the making thereof, with the privilege of payment in installments at the option of the maker thereof.

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

1. The proceeds from the note herein authorized to be issued shall be used for the following purpose and not otherwise:

a. To retire the promissory notes in the sum of \$10,000. heretofore issued by applicant herein in favor of Mr. T. C. Mollersh.

2. Applicant shall report to this Commission within thirty (30) days after the issue of the note herein authorized to be issued the name of the payee, the term of the note, the rate of interest, the face amount of such note and the application of the proceeds.

3. The authority herein granted to issue a note shall not become effective until the payment by applicant of the fee prescribed in the Public Utilities Act.

4. The authority herein granted shall apply only to such note as shall have been issued on

or before the twenty-eighth day of February, 1917.

Dated at San Francisco, California, this 7th
day of February, 1917.

Notary Public, State of California
Feb 7 1917
FEB 10 1917
J. P. [Signature]
BY [Signature]
Assistant Secretary

Max Thelen
H. D. [Signature]
[Signature]
[Signature]
Commissioners