

ORIGINAL

Decision No. 4388

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

BEFORE THE RAILROAD COMMISSION OF THE  
STATE OF CALIFORNIA.

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In the Matter of the Application of )  
     NAPA VALLEY ELECTRIC COMPANY )  
 to issue bonds, stock and promissory ) Application No. 2898.  
 notes )

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Milton T. U'Ren for applicant.

EDGERTON, Commissioner.

O P I N I O N .

On October 14, 1913, the Railroad Commission issued its order (Vol. 3, Opinions and Orders of the Railroad Commission of California, pg. 739) authorizing NAPA VALLEY ELECTRIC COMPANY to issue, subject to certain conditions, on or before October 1, 1914, \$15,300.00 par value of stock \$20,500.00 face value of 6 per cent. bonds and three notes in the total sum of \$5,000.00.

The reports filed with the Commission show that applicant prior to October 1, 1914, issued \$5,000.00 of bonds and \$8,800.00 of stock. It has also issued one note for \$5,000.00 instead of three notes for the total sum of \$5,000.00, as directed by the order of the Commission.

Since October 1, 1914, applicant has issued \$5,500.00 of bonds, renewed the \$5,000.00 notes and issued without authority from the Commission additional notes in the sum of \$4,000.00.

D.L. Beard, president of Napa Valley Electric Company, testified that the issue of the bonds and notes was through inadvertence and not through any desire to evade the terms of the Public Utilities Act or the Commission's orders. He testified further that the funds obtained through the issue of bonds and notes were used for proper capital purposes.

In effect this is an application for authority to issue \$6,500.00 par value of stock, \$15,500.00 face value of bonds and \$9,000.00 face value of notes. By Decision Number 1011, dated October 14, 1913, applicant was authorized to use \$2,500.00 of the proceeds of bonds and \$6,500.00 of stock to purchase properties of Calistoga Electric Company. The Calistoga Company was not a party to that proceeding and it is now resisting in the courts the attempt of Napa Valley Electric Company to acquire these properties. Furthermore, there is pending before the Commission an application of Calistoga Electric Company to sell these properties to California Telephone and Light Company.

I recommend that the applicant be authorized to issue the bonds and notes, the proceeds from which are to be used for purposes other than the acquisition of the properties of the Calistoga Electric Company, and that that part of the application, which asks for authority to issue bonds and stock to be used to acquire properties of the Calistoga Electric Company, be denied without prejudice.

Herewith is form of order.

O R D E R.

NAPA VALLEY ELECTRIC COMPANY having applied to this Commission for authority to issue stock, bonds and notes as set forth in the foregoing opinion,

And a public hearing having been held and it appearing to the Commission that this application should be granted to the extent hereinafter set forth and that the money, property or labor to be procured or paid for by the issue of the bonds and notes herein authorized to be issued is reasonable required for the purposes hereinafter set forth, which purposes are not in whole or in part reasonably chargeable to operating expenses or to income:

IT IS HEREBY ORDERED that Napa Valley Electric Company be, and it is hereby, authorized to issue \$13,000.00 face value of 6 per cent. bonds due and payable January 1, 1931.

IT IS HEREBY FURTHER ORDERED that Napa Valley Electric Company be, and it is hereby, authorized to issue its one year promissory notes in the aggregate principal sum of \$9,000.00.

IT IS HEREBY FURTHER ORDERED that the application of Napa Valley Electric Company, in so far as it relates to the issue of \$2,500.00 face value of bonds and \$6,500.00 par value of stock, to acquire the properties of Calistoga Electric Company be and the same is hereby denied without prejudice.

The authority hereby granted to issue bonds and notes is granted upon the following conditions and not otherwise:

1.- The bonds and notes hereby authorized to be issued shall be issued for not less than the face value thereof.

2.- Bonds in the sum of \$5,500.00 shall be issued in exchange

for and upon cancellation of a like amount of bonds heretofore issued without authority from the Commission.

3.--Bonds in the sum of \$7,500.00 may be issued to pay for extensions, additions and betterments to applicant's system, provided that prior to the expenditure of any portion of the proceeds, applicant shall have filed with the Commission a statement showing in detail the purposes for which the same are to be expended.

4.--The \$9,000.00 face value of notes may be issued in exchange for and upon the cancellation of the following promissory notes heretofore issued:

| <u>Payee</u>         | <u>Amount</u> | <u>Int.<br/>Rate</u> | <u>Date</u> | <u>Maturity</u> |
|----------------------|---------------|----------------------|-------------|-----------------|
| Bank of St. Helena   | \$1,000       | 7%                   | 12/22/16    | 12/22/17        |
| Carver National Bank | 2,000         | 7%                   | 11/19/16    | 11/19/17        |
| Carver National Bank | 1,000         | 7%                   | 10/20/16    | 10/20/17        |
| Bank of St. Helena   | 5,000         | 7%                   | 11/16/16    | 11/16/17        |

5.--Applicant may, if it so desires, issue notes for a period of less than one year and refund said notes from time to time, with new notes, provided that the combined terms of the notes hereby authorized and those issued in refunding thereof, shall not exceed one year.

6.--Napa Valley Electric Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the bonds and notes hereby authorized to be issued; and on or before the twenty-fifth day of each month the company shall make verified reports to the Commission stating the sale or sales of said bonds and notes during the preceding month, the terms and conditions of the sale, the moneys realized therefrom and the use and application of such moneys, all in accordance with this Commission's General Order No. 24, which order,

in so far as applicable, is made a part of this order.

7.- The authority herein granted to issue bonds and notes is contingent upon the payment of the fee prescribed in Section 57 of the Public Utilities Act.

8.- The authority herein granted shall apply only to such bonds and notes as shall have been issued on or before May 31, 1918.

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 June, 1917.

Max Thelen  
H. D. D. D. D.

Edwin O. Edgerton  
Harry R. Dyer

Commissioners.

