

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

ORIGINAL

Decision No. 5035

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application	)
of NEEDLES GAS & ELECTRIC COMPANY	) Application No. 3410
for an order authorizing the is-	0
sue of notes.	)

R. S. Masson for applicant.

BY THE COMMISSION:

O P I N I O N

Needles Gas & Electric Company applies for an order authorizing the issue of \$12,000 in notes and the use of the proceeds to refund two 6% demand notes for \$4500 and \$3000 respectively, which are described in the order, and to pay \$4500 of its outstanding accounts amounting to \$7850.55.

A public hearing upon the above application was held by Examiner Westover at Los Angeles.

Applicant is engaged in the business of supplying gas, electric energy and telephone service in and about Needles, San Bernardino County. It was organized in December, 1911, with

an authorized capital stock of \$200,000, divided into 2000 shares of the par value of \$100 each, half of which are outstanding. Applicant's annual reports show that \$49,900 par value thereof is owned by E. H. Rose and \$49,900 par value by R. S. Masson. Of the outstanding accounts amounting to \$7850.55, about \$5000 is for money advanced by these stockholders. Applicant has an authorized bonded indebtedness of \$100,000, all of which was issued, but \$30,000 face value of which has been returned to the treasury, leaving \$70,000 face value of bonds now outstanding.

Applicant reports that between April 1, 1912 and October 31, 1917, \$43,648.21 was expended for extensions and improvements chargeable to capital account under the Railroad Commission's classification of accounts. The testimony shows that of this amount \$25,000 has been voluntarily contributed by stockholders, about \$12,500 has been borrowed, about \$2850.55 is represented by outstanding accounts, and the remainder, about \$3297.66, has been paid from earnings.

Applicant reported on December 31, 1916, 574 electric consumers, 380 gas consumers and 162 telephone subscribers. It shows surplus earnings of \$310.72 for 1914, \$6141.58 for 1915 and \$5067.03 for 1916, after paying operating expenses, taxes, interest and other fixed charges. It now hopes to be able to pay all of the \$15,350.55<sup>in</sup> outstanding notes

and accounts from earnings within the next two years, using, however, its current unappropriated depreciation reserve.

No arrangement has been made for placing the notes in question, but applicant expects to be able to place them with its bankers. It proposes to let the present demand notes run until it is ready to pay them, if that course is satisfactory to the holders; otherwise it will refund them as stated above. It wishes authority to issue all or any part of the \$12,000 in notes and reissue them during the total period of two years.

O R D E R

Needles Gas & Electric Company  
having applied to the Railroad Commission for authority to issue \$12,000 in notes as hereinafter described and use the proceeds thereof for the purposes specified in the order herein, and a public hearing having been held upon said application, and it appearing to the Commission that the property to be procured by the issue of said notes is reasonably necessary for the purposes specified in the order and that such purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Needles Gas & Electric Company be and it is hereby authorized and empowered to issue its promissory notes in amounts not exceeding the aggregate sum at any time of \$12,000 and use the proceeds thereof to refund the following demand notes:

<u>Dated</u>	<u>Payee</u>	<u>Amount</u>
Nov. 16, 1916	Monahan and Murphy Bank	\$4500
Sept. 27, 1917	Farmers & Merchants Bank	3000

and to apply on \$7850.55 accounts outstanding De- cember 1, 1917	\$4500
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The above authority is granted upon the following conditions:

1. All of said notes shall bear interest at a rate not exceeding 6% per annum.

2. All of said notes shall be issued at a price which will net par to applicant without payment of discount or commission.

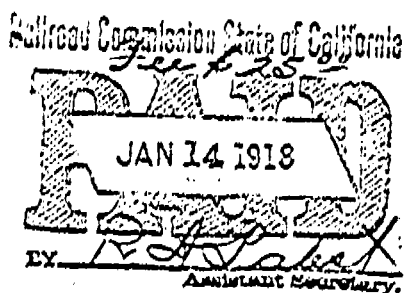
3. Applicant is authorized to issue said notes for such amounts for such periods and to such payees as it may deem best, provided that the total amount of notes so issued shall at no time exceed the sum of \$12,000; and provided further that the aggregate term or terms for which said notes or either or any of them may be issued and remain outstanding shall not exceed the period of two years

from date hereof.

4. Applicant shall keep accurate and complete accounts of the issue of said notes and the use of the proceeds thereof and on the 25th day of each month shall make verified report in writing to the Commission stating the issue and sale of said notes during the preceding month in which notes have been issued, the terms and conditions thereof, moneys realized therefrom, and the use and application of such moneys, all in accordance with the Commission's General Order No. 24, which order in so far as applicable is made a part of his order.

5. This order shall not become effective until the fee provided by the Public Utilities Act has been paid.

Dated at San Francisco, California,  
this 17th day of January, 1918.



Max Thelen  
H. D. Howard  
Edwin D. Edgerton  
Franco R. Gilman  
Commissioners.