



cost of \$1,200,000. In the preliminary work of making the necessary surveys, preparing plans and building the necessary roads for construction purposes, applicant expended the total sum of \$28,048.44. When the preliminary work had been done it was found that the financial interests through whom applicant expected to finance the enterprise objected to the form of permit procured by applicant for its development work on government land, which was expressed to be subject to the regulation and control of the Secretary of the Interior. This obstacle to the financing of the enterprise having been encountered, applicant then concluded to operate only its transmission and distributing system, which had been built meanwhile, and purchase energy for that purpose from the Pacific Gas and Electric Company, and since that time its activities have been confined to such operation.

Applicant reports the total expenditure upon the project <sup>of</sup> \$87,489.41, of which \$57,158.02 is represented by its transmission and distributing system, \$2,382.95 by Forest Reserve permits and \$28,048.44 by the preliminary expenses above referred to. This expenditure was financed by Mr. Agnew advancing \$74,500.00 from time to time, by the sale of 14,000 shares of stock for the total sum of \$7,000.00, and by earnings from the distributing system.

It appears from applicant's annual reports, that its earnings prior to 1917 were never sufficient to meet the cost of maintenance and operation with interest charges. In 1917, however, its net earnings were sufficient to meet such charges and produce a surplus in earnings of \$1148.84.

On June 13, 1913, applicant issued to Mr. Agnew its note for \$74,500.00 to cover moneys advanced by him and its note for \$12,307.13 representing interest then accrued on such advances. Subsequently, applicant paid \$11,500.00 on

account. We think it will prove advantageous to the payee if all of the principal be represented by one note and the unpaid portion of the interest accrued be represented by a second note, as it appears that he wishes to have the indebtedness represented by two notes.

### O R D E R

MIDDLE YUBA HYDRO-ELECTRIC POWER COMPANY having applied for authority to issue the notes hereafter described, a public hearing having been held upon said application and it appearing to the Commission that the proceeds of said notes are reasonably required for the purposes specified in the order,

IT IS HEREBY ORDERED that Middle Yuba Hydro-Electric Power Company be, and it is hereby, authorized to issue two unsecured notes in favor of George B. Agnew with interest at the rate of six per cent per annum from January 1, 1918, payable January 1, 1921, one of said notes being for the sum of \$74,500.00 and the other for the sum of \$26,739.20; and use the proceeds thereof for the purpose of refunding the indebtedness represented by notes issued by applicant in favor of said George B. Agnew, dated June 13, 1913; one for the sum of \$74,500.00 with interest accrued thereon and the other for the sum of \$12,307.13 with interest accrued thereon.

This authority is granted upon the following conditions:

1. Said notes shall be issued at a price which will net par and accrued interest to applicant without discount or payment of commission.

