Decision No.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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Decision No. 248

In the Matter of the application of MIDDLE YUBA HYDRO-ELECTRIC POWER COMPANY for order to issue notes to refund existing notes of said corporation.

Application No. 3701.

Lloyd P. Larue for applicant.

BY THE COMMISSION:

<u>O P I N I O N</u>

Middle Yuba Hydro-Electric Power Company applies for an order authorizing it to execute two notes aggregating \$101,239.20, payable to George B. Agnew with interest at 6% per annum from January 1, 1918, for the purpose of refunding applicant's notes held by Mr. Angew, which with interest aggregate the same total.

A public hearing upon the application was held by Examiner Westover at Colfax, May 24th.

It appears from the testimony that applicant was organized in 1909 with a capital stock of \$400,000 divided into 400,000 shares of the par value of \$1.00 each, for the purpose of developing hydro-electric power and distributing it in Alleghany and Forest Mining Districts in Sierra County.

The original plan of the company was to build dams and reservoirs on Middle Fork of the Yuba River and install power plants designed to develop 12,000 horsepower at an estimated

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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 gavernment 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 proof ject / \$67,489.41, 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 not earnings were sufficient to meet such charges and produce a surplus in earnings of \$1148.84.

On June 13, 1913, applicant issued to Mr. Agnow 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

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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.

<u>or</u> <u>d</u> <u>e</u> <u>r</u>

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 not par and accrued interest to applicant without discount or payment of commission.

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2. This authority shall extend only to such notes as shall be issued within sixty days from date hereof.

3. Within ten days after the issuance of said notes applicant shall make verified report in writing to the Commission stating the fact and date of issue of said notes and for what purposes the proceeds were used. all in accordance with the terms of General Order No. 24, which order in so far as applicable is made a part of this order.

4. Nothing herein contained shall be construed
as a finding by this Commission of the value of applicant's property for any purpose.
5. This order shall not become effective until applicant has paid the fee provided by the Public Utilities Act.

Dated at San Francisco, California, this <u>1276</u> day of June, 1918.



