

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application
of H. G. LACEY COMPANY for an order
authorizing the issue of promissory
notes in the aggregate of \$20,000.

Application No. 657.

O. M. Lacey for applicant.

TEELEN, Commissioner.

O P I N I O N.

This is an application for authority to issue four promissory notes in the amount of \$5,000 each in lieu of notes which were issued by applicant for periods of over twelve months subsequent to March 23, 1912, without having first secured the consent of this Commission. At the time these notes were issued applicant was not familiar with the provisions of Section 52 of the Public Utilities Act, providing in part that no note payable at a period of more than twelve months after the date of issuance of the same may be issued by a public utility without first having secured the consent of this Commission. Applicant is a public utility supplying electric energy for lighting and commercial purposes in the city of Hanford and surrounding territory. Subsequent to March 23, 1912, it issued the following promissory notes:

1. Note payable to J. O. Hickman for \$5,000, dated October 1, 1912, for five years, at 7% interest.
2. Note payable to Mrs. C. L. Newton for \$2,400, dated September 30, 1912, for three years, at 7% interest.
3. Note payable to Mrs. C. L. Newton for \$2,600, dated October 21, 1912, for three years, at 7% interest.
4. Note payable to J. O. Hickman for \$5,000, dated November 26, 1912, for three years, at 7% interest.

5. Note payable to J. O. Hickman for \$5,000, dated April 15, 1912, for three years, at 7% interest.

The proceeds from all of the above mentioned notes were used for betterments and improvements chargeable to capital account. Applicant desires to cancel said notes and to issue new notes in lieu thereof for the same term and at the same rate of interest and in the same amounts, with the exception that it desires to issue a single note to Mrs. Newton in the amount of \$5,000 to take the place of the two notes heretofore issued to her.

A valuation of applicant's electric properties prepared by J. G. White & Company, as of May 30, 1912, amounted to \$106,042.00, this being an estimate of the cost to reproduce the property new. Applicant alleges that between May 31, 1912 and July 16, 1913, it expended the amount of \$26,743.29 for extensions and improvements. I am not in this proceeding passing on the value of the property but am giving these amounts for what they are worth. Applicant has no bonds outstanding and no indebtedness other than that evidenced by said notes, with the exception of \$5500 represented by two notes executed prior to March 23, 1912.

I find that the purposes for which it is desired to issue said notes are not in whole or in part reasonably chargeable to operating expenses or to income and recommend that the application be granted.

I submit herewith the following form of order:

O R D E R.

E. G. LACEY COMPANY, a public utility, supplying electric energy to Hanford and vicinity, having made application to the Railroad Commission for authority to issue certain promissory notes, as will hereinafter appear, and a public hearing having been held upon said application, and the Railroad Commission finding that

the purposes for which said promissory notes are to be issued are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that H. G. LACEY COMPANY be and the same is hereby authorized to execute and issue its promissory notes at interest not to exceed 7% per annum, as follows:

1. Note payable to J. O. Hickman for five thousand (\$5,000) dollars for a period of five (5) years on indebtedness evidenced by note to the same payee in the same amount, dated October 1, 1912, which note applicant is hereby directed to cancel.

2. Note payable to Mrs. C. L. Newton for five thousand (\$5,000) dollars for three (3) years on indebtedness evidenced by note to the same payee for two thousand and four hundred (\$2,400) dollars, dated September 30, 1912, and another note to the same payee for two thousand and six hundred (\$2,600) dollars, dated October 21, 1912, which said two notes applicant is hereby directed to cancel.

3. Note payable to J. O. Hickman for five thousand (\$5,000) dollars for a period of three (3) years on indebtedness evidenced by note to the same payee in the same amount, dated November 26, 1912, which said note applicant is hereby directed to cancel.

4. Note payable to J. O. Hickman for five thousand (\$5,000), dollars for a period of three (3) years on indebtedness evidenced by note to the same payee in the same amount, dated April 15, 1912, which said note applicant is hereby directed to cancel.

Applicant shall make written report to this Commission when the notes hereby authorized have been issued, stating the terms of each of them, in accordance with this Commission's General Order No. 24, which order, in so far as applicable, is made a part of this Order.

The authority hereby given to issue promissory notes shall apply only to promissory notes issued prior to September 1, 1913.

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 30th day of

July, 1913.

Alex Gordon
Max Thelen
Edwin O. Edgerton

Commissioners.