

Decision No. 981

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

Decision No. 981

ORIGINAL

In the matter of the application of Amador Electric Light & Power Company for permission to sell \$12,000 in bonds of this corporation that are now in the Treasury of the Company unsold, and permission to issue 3,000 shares of stock of par value \$3,000 to the Estate of Mary A. Deacon.

Application No. 731

EDGERTON, Commissioner.

O P I N I O N

This is an application by Amador Electric Light and Power Company for an order authorizing the issue of \$12,000 face value of bonds, and \$3,000 par value of capital stock.

Applicant is a California corporation engaged in the business of distributing electric current for light and power in the county of Amador, California. By a trust deed heretofore executed, provision was made for the issuance of \$90,000 face value of bonds, and of this amount \$48,000 face value of bonds has heretofore been issued.

During the years 1911, 1912 and 1913, applicant expended for additions and betterments to plant, the total of \$21,048.59. Of this amount it borrowed from the Bank of Amador County \$5,000, and from C. R. Downs \$2,000. The balance of the expenditures above noted was made out of income. The amounts owing the Bank of Amador and Mr. C. R. Downs, are now due and it is proposed to pay off this indebtedness with the proceeds of the bonds herein asked to be authorized and apply the remainder of such proceeds to reimbursing the treasury for money spent out of income.

No dividends have ever been paid by applicant on

its capital stock, and officers of this company testified that immediately the treasury is reimbursed in the sum indicated, the money will be again invested in betterments and additions to plant.

The testimony shows that the payment of the moneys set out in the application were proper capital expenditures and as the total value of the plant appears to be a sum considerably in excess of the total bonded indebtedness which would result if this application is granted, I think the issuance and sale of these bonds is justified.

Prior to March 23, 1912, when the Public Utilities Act went into effect, applicant issued 45,000 shares par value of its capital stock, and thereafter in order to make its outstanding capital stock equal to the amount of its proposed bond issue, the remaining 45,000 shares of its capital stock were distributed pro rata among its stockholders. All of this last mentioned stock was issued prior to March 23, except 3,000 shares which was to go to Mary A. Deacon, but because of her death delivery was delayed until after the going into effect of the Public Utilities Act, when the consent of this Commission became necessary to the issuance of this stock.

In view of the fact that the Commission is powerless to readjust this situation by reaching back to a time prior to when it had power, and regaining this stock issued for little, if any consideration to stockholders, and that the effect of denying this application would be to work a gross injustice upon one of the stockholders, I think this Commission should give its consent in so far as it may have validity.

I submit herewith the following form of order:

O R D E R

Application having been made to the Railroad Com-

mission of the State of California for an order authorizing the issue by Amador Electric Light and Power Company of \$12,000 face value of bonds, and \$3,000 par value of stock, and a public hearing having been held, and it appearing to the Commission that the money to be secured by the issue of said bonds is necessary and reasonably required by said company for the discharge of its obligations and the reimbursement of its treasury for additions and betterments made to said company's plant out of income, and that the purposes for which the proceeds of the sale of the said bonds are to be used are not in whole or in part reasonably chargeable to operating expenses or to income, and that the application for the issuance of such bonds and such capital stock should be granted.

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that Amador Electric Light and Power Company is hereby authorized to issue \$12,000 face value of its first mortgage 20-year 6 per cent ~~XXXX~~ bonds, in denominations of \$500 each, and to be numbered consecutively beginning with 97, under the terms of an indenture of mortgage, dated January 1, 1910, executed by the Amador Light and Power Company to First Federal Trust Company of San Francisco; and applicant is further authorized to issue \$3,000 par value of its capital stock. Said bonds and said stock to be issued under the following conditions, not otherwise:

1. The bonds herein authorized shall be sold to net applicant not less than face value, and the money derived from the sale of said bonds shall be used for the following purposes only:

a- To pay off and discharge the indebtedness now owed by applicant to Bank of Amador County, in the sum of \$5,000.

b- To pay off and discharge the indebtedness now owed by applicant to C. R. Downs in the sum of \$2,000.

2. The balance of said proceeds shall be used to reimburse the treasury for expenditures made out of income for additions and betterments to applicant's plant in the years 1911, 1912 and 1913, such expenditures being set out in the application on file herein.

The capital stock herein authorized to be issued shall be issued to the estate of Mary A. Deacon.

Said company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of said bonds hereby authorized to be issued, and on or before the 25th day of each month the company shall make a verified report to the Commission in accordance with the Commission's General Order No. 24, stating the sale or other disposition of such bonds during the preceding month, the terms and conditions of such sale or other disposition, the moneys realized therefrom and the use and application of such moneys.

The authority hereby given to issue such bonds and such stock shall apply only to bonds and stock issued by said company on or before the 1st day of March, 1914.

The payment of the minimum fee prescribed in section 57 of the Public Utilities Act shall be a condition precedent to the effectiveness of this order.

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 *2nd* day of October, 1913.

Railroad Commission State of California

W. H. ...
OCT 20 1913
W. H. ...
BY *W. H. ...*
Assistant Secretary.

W. H. ...
Max ...
Edwin O. Edgerston

Commissioners.