

Decision No. 23714

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of

LEONARD P. WIKOFF ELECTRIC LIGHT AND POWER

AUTHORIZING THE SECURING OF A LOAN FROM THE CITIZEN'S NATIONAL TRUST AND SAVINGS BANK OF RIVERSIDE, CALIFORNIA, BANNING BRANCH, TO BE USED FOR ADDITIONS AND BETTERMENTS TO THE NOW EXISTING POWER PLANT OF THE UTILITY. SAID LOAN TO BE SECURED BY MORTGAGE OF CHATTELS UPON THE PRESENT AND PROPOSED POWER PLANT EQUIPMENT

Application
No. 23714

BY THE COMMISSION:

O P I N I O N

In this application, as amended, Leonard P. Wikoff has applied to the Railroad Commission for an order authorizing him to execute a mortgage of chattels and to issue a note in the principal amount of \$7,000 for the purpose of paying indebtedness and of financing, in part, the cost of additions to his electric plant.

Leonard P. Wikoff is engaged in the business of generating and distributing electrical energy for light, heat and power in and about Twentynine Palms, San Bernardino County. It appears that he commenced his operations during September, 1938, and that he was furnishing electrical service to 101 consumers at the end of 1938 and to 210 consumers at the end of 1939. He has reported, for the last four months

of 1938, operating revenues of \$1,884 and a loss after all charges, including depreciation, of \$835; for the year 1939, operating revenues of \$10,994 and net income of \$522; and for the first eight months of 1940, operating revenues of \$8,620 and net income of \$1,019. In arriving at the above net incomes, deductions were made for depreciation of \$219 in 1938; \$1,275 in 1939; and \$1,768 in 1940.

Applicant obtains the energy he distributes chiefly through the operation of a diesel unit which has a capacity of 75 KVA, supplemented by a small standby plant of 15 KVA capacity. He now reports that the demand load during the evening peak period is about 100 KVA and that the present generating equipment is inadequate and is operated under overloaded conditions with the result that breakdowns are becoming more prevalent and maintenance costs prohibitive.

Accordingly, applicant has made arrangements to increase the generating capacity of his plant through the purchase of a 180 h.p. diesel engine, connected with a 150 KVA, 2400 volt, 3 phase, 60 cycle alternator with 7-1/2 KW exciter, complete with switchboard, voltage regulator, cooling system, fuel oil system, air starting equipment, fuel and water tanks, and piping. The cost of the new equipment, installed and housed, is estimated, by applicant, at \$7,300.

In order to obtain funds to pay in part for the new generating plant, and also to pay mortgage indebtedness of \$1,622.02 now outstanding against the present plant, applicant has made arrangements to borrow \$7,000 from the Citizens National Trust and Savings Bank of Riverside, to

be evidenced by a promissory note, bearing interest at the rate of six per cent per annum, payable, as to principal and interest, in monthly installments of \$150 or more, commencing on March 15, 1941 and continuing to March 15, 1944, at which time the entire balance shall be due and payable. The payment of the note will be secured by a mortgage of chattels upon applicant's present and proposed power plant equipment.

The remaining funds necessary to complete the required payments will be obtained from cash on hand or will be secured from other sources.

The installation of the proposed equipment will double the present generating capacity and should assure to the community served a more dependable and continuous supply of electrical energy. Applicant reports that his increased monthly payments for equipment, as a result of his financing program, will be more than offset by the savings to be effected in maintenance costs.

A copy of the proposed mortgage of chattels and one of the proposed note have been filed in this proceeding. They appear to be in satisfactory form and accordingly an order will be entered.

O R D E R

Leonard P. Wikoff having applied to the Railroad Commission for an order authorizing the execution of a mortgage of chattels and the issue of a note for \$7,000, and the Commission having considered the matter and being of the opinion that this is not a matter on which a public hearing

is necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue of the note is reasonably required for the purposes specified herein and that the expenditures for said purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED as follows:

1. Leonard P. Wikoff, after the effective date hereof and on or before April 30, 1941, may execute a mortgage of chattels and issue a promissory note for \$7,000 in, or substantially in, the same form as the mortgage of chattels and the promissory note filed in this proceeding, and shall use the proceeds to be received through the issue of the note to pay the outstanding mortgage indebtedness of not exceeding \$1,622.02 and to finance in part the cost of the generating plant referred to in the opinion preceding this order.

2. The authority herein granted to execute a mortgage of chattels is for the purpose of this proceeding only and is granted only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said mortgage of chattels as to such other legal requirements to which it may be subject.

3. Applicant shall file with the Commission an exact copy of the mortgage of chattels and of the promissory note as actually executed within thirty (30) days after such execution, and shall file on or before June 30, 1941, a statement showing the purposes for which he used the money obtained through the issue of the note herein authorized.

4. The authority herein granted shall become effective when applicant has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is Twenty-five (\$25.00) Dollars.

Dated at San Francisco, California, this 11th day of February, 1941.

[Signature]
Robert W. [Signature]
[Signature]
Justice J. Caseman
Francis K. Havenner
Commissioners.

