

ORIGINAL

Decision No. 36454

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of
the Application of
UTICA POWER COMPANY
for Permission to Issue
a Promissory Note

Application No. 24339

BY THE COMMISSION:

O P I N I O N

Hobart Estate Company, a corporation, and Emma Rose, hereinafter sometimes referred to as applicants, are the owners as tenants in common of electric and water utility properties operated under the name of Utica Power Company. For 1940 they report electric operating revenues of \$167,566.96 and water operating revenues of \$13,046.22, or total operating revenues of \$180,613.18. In arriving at their utility operating income of \$26,127.66, they deduct from the total operating revenues of \$180,613.18, the following:

Operating Expenses	\$113,986.97
Depreciation	29,252.11
Taxes	<u>11,246.44</u> or a
Total of	<u>\$154,485.52</u>

On or about August 30, 1939, applicants entered into an agreement with the American Trust Company for a loan of \$100,000. This agreement was executed without the authorization of the Commission. Applicants borrowed from the American Trust Company said \$100,000, and have, up to July 1, 1941, repaid \$10,825.36 of said loan leaving a balance of \$89,174.64, plus interest from July 1, 1941 unpaid. The \$100,000 was used by applicants to rehabilitate their Angels hydroelectric plant, construct a new penstock at such plant, and make other improvements to its public utility properties.

Applicants now request permission to issue to the American Trust Company their promissory note for \$89,174.64 on account of the balance due on said loan. The note will be dated July 1, 1941. The principal and interest on the note are payable monthly on the first day of each month after said July 1, 1941, in the following amounts during the first four years after the date of the note:

<u>Period After Date of This Note</u>	<u>Amount of Principal and Interest Payable Monthly</u>	<u>Rate of Interest Payable on Unpaid Balance of Principal</u>
First Year	\$1,100.00	3%
Second Year	1,200.00	3 $\frac{1}{2}$ %
Third Year	1,300.00	3 $\frac{3}{4}$ %
Fourth Year	1,400.00	4%

Under the terms of the note, each installment when paid shall be applied by the holder of the note first so much thereof as shall be required to the payment of interest accrued and the balance thereof to the payment of the principal of the note. The balance of the principal remaining unpaid at the end of four years from the date of the note is payable upon demand at any time after said period of four years with

interest at the rate of 4% per annum. The note recites that the Utica Power Company, formerly Utica Mining Company, is a joint venture conducted by Hobart Estate Company, a California corporation, and Emma Rose, of Sands Point, New York, and that each of said parties has a 50% interest in said venture and in the assets thereof. All obligations on or in connection with the note, whether for principal, interest or otherwise, are and shall be the several, and not joint, obligations of said Hobart Estate Company to the extent of 50% thereof and of Emma Rose to the extent of 50% thereof. A copy of the note is filed in this proceeding as Exhibit 3. The note contains other provisions but it is not deemed necessary to recite them in this opinion.

O R D E R

The Commission having considered applicants' request and it being of the opinion that this is not a matter on which a hearing is necessary; that the money, property or labor to be procured or paid for by the issue of the note herein authorized was reasonably required by applicants for the purpose of paying indebtedness and that this application should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED that Hobart Estate Company, a corporation, and Emma Rose, owners as tenants in common of the electric and water utility properties operated under the name of the Utica Power Company, be, and they are hereby, authorized to execute a promissory note for the sum of \$89,174.64 and use the proceeds realized from said note to pay indebted-

ness of a like amount, said promissory note to be substantially in the same form as the promissory note filed in this proceeding as Exhibit 3.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective when applicants have paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Ninety (\$90.00) Dollars.

IT IS HEREBY FURTHER ORDERED that within thirty (30) days after the execution of the promissory note herein authorized, applicants shall file with the Railroad Commission a copy of the note executed and a statement showing the purposes for which they used the proceeds realized through the execution of said note.

Dated at San Francisco, California, this 29th day of July, 1941.

[Signature]

Justus P. Casemus

Francis R. Havens

Richard [Signature]

Commissioners

\$ 90.00

RAILROAD COMMISSION STATE OF CALIFORNIA
PAID
JUL 30 1941
By <i>[Signature]</i>
SECRETARY