

Providence, R. I., July 31, 1940.

Secretary of State of Rhode Island,

State House,

Providence, R. I.

Dear Sir:

Acting under authority of a vote of the Board of Directors of The Narragansett Electric Company (a corporation originally duly established under the name of "United Electric Power Company", pursuant to the provisions of an Act entitled "An Act to incorporate United Electric Power Company", passed by the General Assembly at the January Session, A. D. 1926, which name has been changed to "The Narragansett Electric Company", pursuant to the provisions of an Act, passed at the January Session, A. D. 1927, amending the above mentioned Act) at a meeting duly held on July 30, 1940, the undersigned, President and Assistant Treasurer of said corporation, hereby make application for the issue of your certificate to The Narragansett Electric Company authorizing the issue of 180,000 shares of its preferred capital stock, of the par value of \$50 each, in addition to the shares of said capital stock issuable on organization of the corporation and the shares, the issue of which has been authorized by certificates heretofore issued by the Secretary of State of the State of Rhode Island, pursuant to the provisions of Section 8 of said Act.

Attached hereto is a certified copy of an Order of the Public Utility Administrator of the Department of Business Regulation (who has succeeded to the powers of the Public Utilities Commission under Section 7 of the above mentioned Act) entered on July 16, 1940, approving the issue of said shares of stock, the purposes of said issue, the terms and manner of disposition thereof and the preferences as to dividends, the voting power and other incidents of said preferred stock.

The tax of 1/10th of 1% of the \$9,000,000 par value of said additional preferred stock has been paid into the General Treasury and the receipt therefor accompanies this application.

Yours very truly,

Samuel Lee Moore
President
THE NARRAGANSETT ELECTRIC COMPANY

Raymond A. Moore
Assistant Treasurer
THE NARRAGANSETT ELECTRIC COMPANY

Narragansett Electric

Company

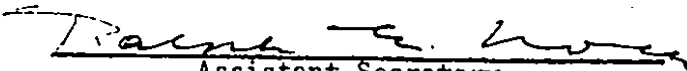
Filed: August 1, 1940

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I hereby certify that I am an Assistant Secretary of The Narragansett Electric Company; that a Special Meeting of the Board of Directors was duly called and hold on July 30, 1940, at which meeting a quorum was present and acting throughout; and that at said meeting the following vote was duly adopted.

VOTED: That the president or any vice president and the treasurer or any assistant treasurer be and hereby are authorized to make and file such applications and other documents with the Secretary of State of the State of Rhode Island as the officer or officers so acting deem advisable for the authorization of the issue of the proposed 180,000 shares of preferred capital stock.

IN WITNESS WHEREOF I hereby set my hand and the seal of the Corporation this 31st day of July, 1940.


Assistant Secretary

Narragansett Electric
Company
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STATE OF RHODE ISLAND
DEPARTMENT OF BUSINESS REGULATION
OFFICE OF
PUBLIC UTILITY ADMINISTRATOR

PETITION OF THE HARRINGSETT ELECTRIC }
COMPANY FOR APPROVAL OF AND CONSENT } Docket #399
AND AUTHORITY TO ISSUE 180,000 SHARES }
OF PREFERRED STOCK, TOGETHER WITH TWO }
AMENDMENTS THERETO }

This petition of The Harringsett Electric Company, asking for an order authorizing, approving and consenting to an increase in the authorized capital stock by 180,000 shares of preferred stock to be issued for cash at not less than par for the purpose of capitalizing, paying off or reimbursing its treasury for current indebtedness and expenditures made or to be made for the purposes stated in the petition, was filed with the Department on May 16, 1940. Said petition, by amendments filed thereafter, also asks for an order authorizing, approving and consenting to an issue of two year notes of The Harringsett Electric Company to be issued pending the issue of said preferred stock, if, in the opinion of the Company, such action appears desirable.

All parties at interest having been notified thereof, and the order of the Administrator as to publication of notice having been complied with, this petition was continued to the 11th day of July, A. D. 1940, at which time a public hearing was held thereon at the Office of the Administrator, Room 102 State Office Building, Providence, Rhode Island at 11:00 A. M. (S.D.C.T.). Testimony of witnesses was presented and arguments of counsel were heard.

APPEARANCES: EARL A. CHERNEY, ESQUIRE, for petitioning Company

Ralph W. Eaton, Public Service Engineer, as
Representative of City of Providence

Samuel C. Moore, President of the petitioning company, testified that the company was nearing the completion of a four year plan of expansion; that on March 1, 1940 about \$6,300,000 had been expended on said improvements; that the work is expected to be completed about December 1, 1940 and the balance of

the program will require an outlay of a further \$3,700,000; that between Three and Four Million Dollars have been borrowed from banks on short term obligations to meet a part of the expenditures made thus far; that among other improvements there was in the process of construction the installation of a 40,000 kilowatt-hour steam generating plant at the company's Manchester Street Station.

Ralph E. Ormsbee, Vice President of the petitioning company, testified to the expenditures already made and the reasonableness of the cost and charges connected therewith.

Paul B. Metcalf, Consulting Engineer for the petitioning company, testified to the technical construction of the new plant, the necessity for it and the possibilities of improvement in future service which would result from the expansion program.

The President, Samuel C. Moore, being recalled to the witness stand, testified that the financial advisors of the company had indicated that there might be some difficulty in merchandising the proposed issue of preferred stock and advised the petitioning for permission to borrow on two year notes of the company in order to meet the obligations of the company connected with the expansion program, pending the issue and sale of the proposed preferred stock. Such two year notes, if executed, would carry interest charges not exceeding $2\frac{1}{2}\%$. The borrowing on long term notes would be a temporary proposition and only for the purpose of meeting obligations pending the sale of preferred stock. It was distinctly stated that at no time, in the event the petition were granted, should the obligations of the company under both long term notes and sales of preferred stock exceed the total amount of \$9,000,000.

At the close of the petitioner's testimony and after the introduction of exhibits in support thereof, the Administrator asked if there were any objections to the petition. Mr. Ralph W. Eaton, Public Service Engineer of the City of Providence, confirmed the fact by question and answer of Samuel C. Moore that the interest on the suggested long term notes would not exceed $2\frac{1}{2}\%$. There was no cross-examination of any of the witnesses and there was no testi-

mony or argument in opposition to the petition.

The Administrator has investigated the expenditures already made in respect to the expansion program and has had the benefit of the report of certified public accountants as to the expenditures made as of this date and the expenditures necessary to the completion of the program.

The Administrator has personally made an inspection tour of the company's properties in order to satisfy himself that the physical properties improved and newly constructed are in accordance with the expansion program and the facts contained in the petition and the exhibits submitted by the petitioner at the hearing.

After consideration of the testimony of the witnesses, the exhibits introduced in support thereof, the argument of counsel and the reports of accountants appointed by the Administrator, it is

(4298) ORDERED: That the Public Utility Administrator, pursuant to the provisions of Section 7 of an Act entitled, "An Act to Incorporate United Electric Power Company" passed by the General Assembly at the January Session, A. D. 1926, as amended, and pursuant to the provisions of Section 58 of Chapter 122 of the General Laws, as amended, in performance of the power, duties and discretions conferred or imposed on said Public Utility Administrator by Order of the Director of Business Regulation, approves, consents to and authorizes The Harragansett Electric Company, to issue 100,000 shares of preferred capital stock of the par value of \$30 per share, the preferences and priorities of which shall be substantially those set forth in the resolutions adopted by the Board of Directors and stockholders of The Harragansett Electric Company at meetings held on May 24, 1940, certified copies of which were attached to an amendment to said petition filed on May 23, 1940, for cash, at not less than par; and, pending the issue of such preferred capital stock, to issue the promissory note or notes of said Company not exceeding \$0,000,000 in principal amount, payable in not over two years from the date of this Order with interest at the rate of not over two and one-half per cent (2-1/2%) per annum, at the

principal amount thereof, for each, for the purpose of partly capitalizing, paying off or reimbursing its treasury for current indebtedness and expenditures made or to be made for the purposes stated in said petition, the money to be procured by said issue or issues being reasonably required for said purposes and the value of such consideration to be received being a value at least equal to the par value of said preferred stock or the principal amount of said note or notes as the case may be. The proceeds of said note or notes, and the proceeds of said preferred stock shall be deposited with Rhode Island Hospital Trust Company of Providence, Rhode Island, in accordance under an agreement whereby the funds representing such proceeds and any part thereof are to be released from time to time to The Narragansett Electric Company by such depository as escrow agent only on evidence satisfactory to said depository that such funds are required to reimburse the company for money actually expended on construction work, referred to in said petition filed May 16, 1940, or are to be used solely to pay obligations incurred for such construction work, or both, or with respect to the proceeds of said shares of preferred capital stock, for the purpose of paying said promissory note or notes and interest thereon from time to time in whole or in part.

Dated at Providence, this sixteenth day of July, A. D. 1940.

DEPARTMENT OF BUSINESS REGULATION

By Benjamin M. Holycross
Public Utility Administrator

APPROVED:

H. L. Keller
Director of Business Regulation

A true copy.

Attest:

[Signature]

DEPUTY PUBLIC UTILITY ADMINISTRATOR



State of Rhode Island and Providence Plantations

OFFICE OF THE GENERAL TREASURER

Nº 9321

Providence, August 1, 1940.

I Hereby Certify That The Narragansett Electric Company

has paid into the State Treasury a fee of

Nine thousand ~~-----~~ Dollars for increase in capital stock
of an act passed April 8, 1928 as amended
in accordance with the provisions of Chapter 116, General Laws of 1938.

\$9,000.00

Thomas P. Hazard
General Tre

Narragansett Electric
Company

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