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Decision No. 11790.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application of HOLTON POWER COMPANY for an order authorizing the issue and sale of $25,000.00 par value of first and refunding mortgage gold bonds.	Application Number 8742.

I. B. Potter, for Applicant.

BY THE COMMISSION:

OPINION

HOLTON POWER COMPANY asks permission to issue and sell, at not less than 85 per cent. of face value, $25,000.00 of its first and refunding mortgage six per cent. gold bonds for the purpose of reimbursing its treasury for moneys actually expended in paying and redeeming a like amount of first mortgage six per cent. bonds that matured on January 1, 1923, or to issue such first and refunding mortgage bonds, at 85, in exchange and discharge of outstanding indebtedness incurred in paying and redeeming such first mortgage bonds.

A public hearing was held before Examiner Williams in Los Angeles on March 10, 1923.

Holton Power Company was organized on or about October 2, 1903, with an authorized capital stock of $1,500,000 of common stock. Of this amount, $950,000.00 has been issued, all of which, excepting director's shares, is reported held by W. Sherman Fisher, Trustee. The record in former proceedings shows that since January 1, 1916 applicant has been controlled through stock ownership

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by Nevada-California Electric Corporation and for the past several years has been under the same general management as The Southern Sierras Power Company.

The application shows that applicant on June 29, 1907 executed its first mortgage and issued $500,000.00 of six per cent. bonds which have matured, or will mature, in equal annual installments of $25,000.00 on the first of January of each of the years 1918 to 1937 inclusive. Subsequently, on October 1, 1911, the company executed its first and refunding mortgage to secure the payment of an authorized issue of $1,000,000 of six per cent. bonds which mature serially in equal annual installments of $50,000.00 on the first day of January of each of the years 1932 to 1951, inclusive. Of the authorized amount, $500,000.00 of bonds were issued to finance construction work and $500,000.00 were reserved to retire first mortgage bonds. Heretofore, in various proceedings before the Commission, the company has been authorized to issue $125,000.00 of first and refunding mortgage bonds to refund a like amount of first mortgage bonds that matured in 1918, 1919, 1920, 1921 and 1922.

The company reports there are outstanding at present $625,000 of first and refunding bonds and $350,000 of first mortgage bonds. It now asks permission to issue an additional $25,000 of first and refunding bonds to reimburse its treasury because of moneys expended in retiring $25,000 of first mortgage bonds. The testimony of P.R. Ferguson, applicant's auditor, indicates that the company's earnings have not been sufficient to provide for the retirement of all of such bonds, and that a portion of them were paid with borrowed money. It is of record that applicant intends to use all of the proceeds from the proposed sale of bonds to pay in part its outstanding current liabilities, which are shown in the application to include $174,214.00 of notes, $1,369,526.89 of accounts payable and $58,242.42

of interest and taxes accrued.

O R D E R

HOLTON POWER COMPANY, having applied to the Railroad Commission for permission to issue and sell $25,000.00 of bonds, a public hearing having been held, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expense or to income;

IT IS HEREBY ORDERED that Holton Power Company be, and it is hereby, authorized to issue and sell at not less than 85 percent. of face value plus accrued interest, $25,000.00 of its six percent. first and refunding mortgage gold bonds.

The authority herein granted is subject to the following conditions:-

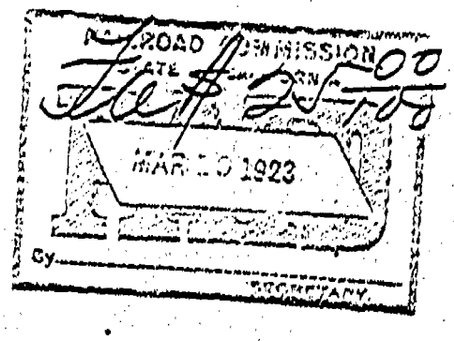
(1) The proceeds received from the sale of the bonds herein authorized shall be used to pay indebtedness incurred in retiring the $25,000.00 of first mortgage bonds that became due on January 1, 1923, or to reimburse its treasury because of earnings expended for such purpose. After such reimbursement such proceeds shall be used to pay current liabilities.

(2) Applicant shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file, on or before the 25th day of each month, a verified report, as required by the Railroad Commission's General Order No. 24, which order in so far as applicable, is made a part of this order.

(3) The authority herein granted to issue bonds will become effective when applicant has paid the fee prescribed by

Section 57 of the Public Utilities Act, which fee is $25.00 and will expire on June 15, 1923.

DATED at San Francisco, California, this 16th day of March, 1923.

C. L. Seavey
H. W. Brundage
Jas. T. Whittlesey

RAILROAD COMMISSION
STATE OF CALIFORNIA
Fee $25.00
MAR 20 1923
By
SECRETARY