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Decision No. 13441

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
SAN JOAQUIN LIGHT AND POWER CORPORATION )  
for an order authorizing the issue and ) Application Number 9967  
sale of stock. )

Murray Bourne, for Applicant.

BY THE COMMISSION:

O P I N I O N

In this application, as amended, San Joaquin Light and Power Corporation asks permission to issue and sell at \$93 per share, 10,000 shares of its seven percent. prior preferred stock, of the aggregate par value of \$1,000,000.00, for the purpose of reimbursing its treasury for, or to provide the cost of, additions, extensions, improvements and betterments to its property, made or to be made subsequent to February 28, 1924.

Applicant reports that it has an authorized capital stock of \$150,000,000.00 divided into \$75,000,000.00 of seven percent. cumulative prior preferred stock, \$18,500,000.00 of seven percent. cumulative Class "A" preferred stock, \$6,500,000.00 of six percent. cumulative Class "B" preferred stock and \$50,000,000.00 of common stock. Of these amounts the company reports outstanding, as of February 29, 1924, \$7,694,900.00 of the prior preferred stock, \$6,500,000.00 of the Class "B" preferred stock and \$11,000,000.00 of the common stock; a total of \$25,194,900.00. In addition \$659,500.00 of prior preferred stock has been subscribed for, but not yet issued.

As of the same day it reports its bonded and other indebtedness as follows:-

BONDED INDEBTEDNESS:

First and Refunding Bonds

Series "A" 6's due 1950	\$1,176,000.	
Series "B" 5's due 1950	799,000.	
Series "B" 6's due 1950	2,125,000.	
Series "C" 6's due 1950	<u>10,191,000.</u>	
Total . . . . .		\$14,291,000.

Unifying and Refunding Bonds

Series of 1925, 7's	400,000.	
Series of 1926, 7's	400,000.	
Series "A" 7's due 1951	7,000,000.	
Series "B" 6's due 1952	<u>9,633,000.</u>	
Total . . . . .		17,433,000.

San Joaquin Light & Power Co.		
5's due 1945 . . . . .		<u>2,325,000.</u>

Total Bonded Indebtedness . . . . . \$34,050,000.00

Other Indebtedness

Accounts payable . . . . .	555,459.66	
Consumers' deposits . . . . .	76,837.17	
Dividends declared . . . . .	523,260.46	
Taxes accrued . . . . .	141,374.21	
Interest accrued . . . . .	112,092.31	
Other accrued liabilities . . . . .	<u>109,517.71</u>	
Total Other Indebtedness . . . . .		1,518,341.52

TOTAL . . . . . \$35,568,341.52

In reports filed under the Commission's General Order No. 65 applicant reports its revenues and expenses, and those of subsidiary companies, for the twelve months ending February 28, 1923 and February 29, 1924, as follows:-

	1923	1924
<u>GROSS EARNINGS</u>		
Light . . . . .	\$1,902,881.36	\$2,137,245.55
Power . . . . .	4,118,325.52	4,319,786.26
Gas . . . . .	377,034.95	379,093.83
Water . . . . .	27,571.77	28,899.58
Railway . . . . .	121,573.34	101,373.65
TOTAL . . . . .	<u>\$6,547,386.94</u>	<u>\$6,955,398.87</u>
<u>OPERATING EXPENSES, (exclusive of depreciation)</u>	2,813,676.08	3,136,286.82
Net earnings from operations	3,733,710.86	3,830,111.85
<u>SUNDRY EARNINGS</u>	175,039.57	126,783.32
Balance available for interest, etc.	<u>3,908,750.43</u>	<u>3,956,895.17</u>
<u>DEDUCT:</u>		
Interest charges . . . . .	1,715,046.61	1,702,894.62
Amortization of debt discount and expense . . . . .	132,472.02	106,967.58
Depreciation . . . . .	716,030.32	851,749.42
Miscellaneous . . . . .	59,520.86	2,550.99
TOTAL . . . . .	<u>2,623,069.81</u>	<u>2,674,162.61</u>
Amount available for dividends, Sinking Funds and Surplus . . .	\$1,285,680.62	\$1,282,732.56

Applicant reports its uncapitalized construction expenditures as of February 29, 1924 as \$571,819.46 and the amounts necessary to complete approved estimates as \$528,634.84. In addition, it reports, in Exhibit "B", that it will need \$1,986,072.00 to take care of construction work during the period from March to December, 1924. This amount is segregated as follows:-

Kings River Development . . . . .	\$169,935.00
Miscellaneous betterments to production plants . . . . .	10,749.00
Steel tower line, Power House No. 1 to Copper Mine Substation . . . . .	125,000.00
Completion of new office building . . . . .	125,897.00
Additional transformer capacity . . . . .	97,151.00
Regulators and miscellaneous substation equipment . . . . .	39,418.00
Distribution lines and new business extensions . . . . .	1,289,631.00
New building at Selma . . . . .	7,180.00
Telephone lines and equipment . . . . .	25,500.00
Lot and office building, Los Banos . . . . .	15,000.00
Office equipment and appliances . . . . .	9,620.00
Mains and extensions, gas department . . . . .	67,991.00
Sundry . . . . .	3,000.00
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TOTAL . . . . .	<u>\$1,986,072.00</u>

Adding the \$1,986,072.00 to the \$571,819.46 and the \$528,634.84 results in a total of \$3,086,526.30. From this total there should be deducted the sum of \$1,891,450.00, representing unexpended proceeds from the sale of bonds heretofore authorized by the Commission and available for additions and betterments. Making this deduction, there is left the sum of \$1,195,076.30, against which applicant asks permission to sell the \$1,000,000.00 of stock.

Applicant has sold \$750,000.00 of stock at \$93 per share, subject to the condition that its issue and sale be authorized by the Commission. No agreements covering the sale of the remaining \$250,000.00 have been made. It is the plan of the company to sell the \$250,000.00 of stock through its own organization. The price at which the \$250,000.00 of stock may be sold will be fixed by a supplemental order.

O R D E R

San Joaquin Light and Power Corporation, having applied to the Railroad Commission for permission to issue and sell \$1,000,000.00 of its seven percent. cumulative prior preferred stock, a public hearing having been held before Examiner Fankhauser, 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 by applicant for the purposes specified herein, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that San Joaquin Light and Power Corporation be, and it is hereby, authorized to issue \$1,000,000.00 of its seven percent. cumulative prior preferred stock.

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

1. Of the stock herein authorized to be issued, 7500 shares (\$750,000.00 par value) shall be sold for not less than \$93. per share. The remaining 2500 shares (\$250,000. par value) may be sold only for such price as the Railroad Commission will authorize by a supplemental order.
2. The proceeds realized from the sale of the stock herein authorized to be issued, shall be used to reimburse applicant's treasury for, or to provide in part, the cost of making the additions, extensions, improvements or betterments, (described in Exhibit "B") to its properties made, or to be made, subsequent to February 29, 1924, provided that only such part of said cost as is properly chargeable to fixed capital accounts, as defined by the uniform system of accounts prescribed or adopted by the Commission,

and not heretofore financed through the issue of stock or bonds, may be financed with proceeds from the sale of stock herein authorized to be issued.

3. San Joaquin Light and Power Corporation 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.
4. The authority herein granted will become effective upon the date hereof. None of said \$1,000,000.00 of stock may be issued, sold or delivered after March 1, 1925.

DATED at San Francisco, California, this 19<sup>th</sup> day of April, 1924.

C. Seaver

H. B. Brundage

Livingston

J. Tollett  
Commissioners.