

Decision No. 14541

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application of)
 Great Western Power Company of)
 California, a corporation, to issue)
 and sell \$1,500,000.00 of Series "D") Application No. 10785
 first and refunding mortgage bonds and)
 \$2,000,000.00 of Preferred Stock.)

Chaffee E. Hall, for applicant

SQUIRES, COMMISSIONER:

O P I N I O N

ORIGINAL

Great Western Power Company of California asks permission to issue and sell at 92½% of their face value and accrued interest, \$1,500,000.00 of its Series "D" 5½% 30 year first and refunding mortgage bonds to be dated February 1st, 1925; and to issue and sell at not less than 95% of par value, net, \$2,000,000. par value of its 7% cumulative preferred stock. It further asks permission to use \$502,914.17 of the net proceeds obtained from the sale of the bonds and preferred stock to reimburse its treasury because of income expended for the acquisition of property and for the construction, completion, extension and improvement of its facilities described in applicant's Exhibits "A" and "B" and use the remainder of the net proceeds (not less than \$2,784,585.83) for the acquisition of property, and for the construction, completion, extension and improvement of facilities described in applicant's Exhibits "C" and "D".

The Company reports that it will sell the \$1,500,000.00 of bonds subject to their issue being authorized by the Commission, to E. E. Rollins and Sons at 92½% and accrued interest. A copy of the 147 agreement between applicant and E. E. Rollins and Sons has been filed

in this proceeding as applicant's Exhibit "E". The agreement shows that the bonds are to be dated February 1st, 1925, to mature in thirty years and to bear interest at the rate of $5\frac{1}{2}\%$ per annum. It further shows that the bonds are to be callable in whole or in part on the first day of any month on 60 days' notice at $102\frac{1}{2}\%$ for the first ten years and thereafter at a premium of $1/8\%$ for each year or fraction thereof of the unexpired term.

It is of record that the Company has entered into no underwriting agreement covering the sale of the \$2,000,000.00 of 7% cumulative preferred stock. The sale of this stock will be handled in the same manner as the sale of stock by applicant heretofore. It is the intention to offer the stock for sale at par. Applicant asks permission to expend of the proceeds for the payment of commissions and expenses incident to the sale of the stock an amount not exceeding five per cent of the par value of the stock sold. It may be that the expenses including the commissions will be less than five per cent.

The Company reports in its Exhibit "A" that up to December 31st, 1924 it has expended for capital purposes the sum of \$502,914.17 against which the Commission has not authorized the issue of any stock or bonds. Because of this expenditure, it asks permission to reimburse its treasury in such amount through the use of proceeds obtained from the sale of the \$1,500,000.00 of bonds and the \$2,000,000.00 of 7% preferred stock. The Company estimates its construction expenses (Exhibits "C" and "D") for 1925 at \$2,846,321.00. These expenses are summarized as follows:

<u>PRODUCTION CAPITAL:</u>		\$94,813.
Big Meadows-surveys and dredging . . .	\$54,360.	
Big Bend-gear pumps and governor for oil supply	13,053.	
Caribou-Club house	25,000.	
North Beach-boiler breaching and flue	2,400.	
<u>TRANSMISSION CAPITAL:</u>		369,567.
Sacramento	15,930.	
Oakland	349,407.	
Arboga	3,000.	
Antioch	1,250.	
<u>DISTRIBUTION CAPITAL:</u>		796,921.
Sacramento	39,200.	
Northwestern	3,000.	
Oakland	368,406.	
San Francisco	246,078.	
Napa	84,919.	
Petaluma	24,918.	
Santa Rosa	24,583.	
Steam Heat	5,817.	
<u>DISTRIBUTION LINE EXTENSIONS-GENERAL CAPITAL:</u>		1,500,000.
San Francisco Division	545,000.	
Northwestern Division	95,000.	
Oakland Division	515,000.	
Sacramento Division	315,000.	
Big Meadows Division	30,000.	
<u>GENERAL CAPITAL:</u>		85,000.
Butt Valley Roads	10,000.	
Sutter Street Office Building	35,000.	
Sacramento Service Building	40,000.	
Total		<u>\$2,846,321.</u>

If the Company's \$1,500,000. of bonds and \$2,000,000. of stock are sold at the net prices indicated herein, it will realize the sum of \$3,287,500. The construction expenditures, which have not heretofore been financed through the issue of bonds and stock, and the estimated expenditures for 1925 amount to \$3,349,235.17.

I herewith submit the following form of order:-

O R D E R

Great Western Power Company of California having applied to the Railroad Commission for permission to issue and sell \$1,500,000. of bonds and \$2,000,000. of 7% cumulative preferred stock, 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 through the issue of such stock and bonds is reasonably required by

applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or income,

IT IS HEREBY ORDERED that the Great Western Power Company of California be, and it is hereby authorized to issue, sell and deliver, on or before May 1st, 1925, at not less than 92 $\frac{1}{2}$ % of their face value, \$1,500,000. of its Series "D" 5 $\frac{1}{2}$ % 30 year first and refunding mortgage bonds to be dated February 1st, 1925.

IT IS HEREBY FURTHER ORDERED that the Great Western Power Company of California be, and is hereby, authorized to issue, sell and deliver, on or before December 31st, 1925, at not less than 95% of par value, net to applicant \$2,000,000. par value of its 7% cumulative preferred stock.

The authority herein granted is subject to further conditions as follows:

1. Of the net proceeds realized from the sale of the bonds and preferred stock, \$502,914.17 may be used by applicant to reimburse its treasury because of income expended for the acquisition of properties, and for the construction, completion, extension and improvement of its facilities described in applicant's Exhibit "A" and Exhibit "B" provided only such costs as are properly chargeable to fixed capital accounts under the uniform system of accounts prescribed by the Railroad Commission may be financed through the use of the \$502,914.17.
2. The remainder of the net proceeds obtained from the sale of the bonds and stock herein authorized to be issued and sold may be used by applicant to finance such portion of the cost of the additions and betterments described in Exhibit "C" and Exhibit "D" filed in this proceeding as is properly chargeable to fixed capital accounts under the uniform system of accounts as prescribed by the Commission.
3. Applicant shall keep such record of the issue, sale and delivery of the bonds and stock 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 to issue and sell stock will become effective upon the date hereof. The authority herein granted to issue and sell bonds will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$1,250.00.

The foregoing opinion and order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 5th day of February, 1925.

H. N. Rindler
Secretary

George D. Squires
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Commissioners.

