

DM

Decision No. 14656.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
THE SOUTHERN SIERRAS POWER COMPANY,)
an electrical corporation, for an)
order authorizing the issue and sale) Application No. 10906.
of \$469,800.00 par value, first and)
refunding mortgage bonds.)

P. R. Ferguson, for applicant.

BY THE COMMISSION:

O P I N I O N

In this application The Southern Sierras Power Company asks permission to issue and sell, at not less than 85 percent. of face value plus accrued interest, \$469,800.00 of its Series "C" first and refunding mortgage six percent. bonds due January 1, 1965, for the purpose of financing in part the cost of extensions, additions and betterments to its properties between September 1, 1924 and December 31, 1924.

The application shows that The Southern Sierras Power Company has issued, and has outstanding, bonds under two mortgages; a first mortgage executed as of September 1, 1911 to secure the payment of an authorized issue of \$5,000,000.00 of six percent bonds due 1936, and a first and refunding mortgage of the open-end type executed as of January 1, 1915, to secure the payment of first and refunding mortgage six percent bonds due 1965. In addition, applicant has assumed the payment of bonds of Coachella Valley Ice and Electric Company dated January 1, 1912, payable serially in annual

amounts of \$15,000.00 during the period from 1937 to 1956, with interest at six percent.

As of December 31, 1924, applicant reports its outstanding bonded debt as \$10,446,500.00, which consists of the following:-

First mortgage bonds	\$2,489,500.00
First and refunding mortgage bonds:	
Series "A" dated Jan.1, 1915	\$2,340,000.
Series "B" dated Dec.1,1920	5,000,000.
Series "C" dated Oct.1,1924	<u>317,000.</u>

Total first and refunding mortgage bonds 7,657,000.00

Coachella Valley Ice and Electric Company	
bonds	300,000.00

Total.....\$10,446,500.00

In addition to its outstanding bonds, the company reports advances from affiliated companies of \$500,000.00, notes and accounts payable of \$3,993,449.74 and other current liabilities of \$232,274.25. Its capital stock outstanding is reported as \$5,000,000.00 consisting of 50,000 shares of the par value of \$100. each, all common.

Under the first and refunding mortgage applicant may issue its bonds up to eighty-five percent of the cost of additions and betterments. Heretofore, the Commission has authorized the company to finance, in part, capital expenditures made prior to September 1, 1924. This application is made for permission to issue additional Series "C" bonds on account of expenditures made between September 1 and December 31, 1924. During this period the company reports construction expenditures of \$552,805.28, eighty-five percent of which is approximately \$469,800.00. The expenditures to be thus financed in part with proceeds from the sale of the bonds, permission to issue which is herein requested, are shown in Exhibit "C" attached to the petition. In addition to these

expenditures it is reported that approximately \$1,000,000.00 will be expended for capital purposes during 1925, although this amount has not been reported to the Commission in detail.

The company reports that it intends to sell its bonds to The Nevada California Electric Corporation, which company owns all the outstanding stock of applicant, excepting director's shares. The bonds thus purchased by The Nevada California Electric Corporation are used by that company as collateral as part of the security for bonds issued under its first lien mortgage. The proceeds from the bonds herein applied for are placed to the credit of applicant and drawn down by it from time to time as it proceeds with its construction program.

The company asks permission to sell its bonds at not less than 85 percent of face value plus accrued interest. After giving consideration to the record and to financial statements filed by applicant, we are of the opinion that the company should receive not less than 88 for its bonds.

O R D E R

The Southern Sierras Power Company having applied to the Railroad Commission for permission to issue and sell \$469,800.00 of bonds, 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 through such issue and sale of bonds is reasonably required for the purpose specified herein, and that the expenditures for such purpose are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that The Southern Sierras Power Company be, and it is hereby, authorized to issue and sell on or before June 30, 1925 at not less than 88 percent of face value plus accrued interest, \$469,800.00 of its Series "C" first and refunding mortgage six percent bonds due January 1, 1965, and to use the proceeds to finance in part the cost of the extensions, additions and betterments to which reference is made in the opinion which preceded this order.

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

1. Only such expenditures as are properly chargeable to fixed capital accounts under the Uniform System of Accounts prescribed by the Commission may be financed with the proceeds obtained from the sale of the bonds herein authorized to be issued and sold.
2. Applicant shall file with the Commission as soon as available a copy of its 1925 construction budget.
3. 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.

4. 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 \$470.00.

DATED at San Francisco, California, this 12th day of March, 1925.

H. B. Brundage

C. Seaver

Egerton Shore

Ernesto

Commissioners.

