

DEM

Decision No. 16568.

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)
of \$247,600.00 par value first and)
refunding mortgage bonds.)

Application No. 12772

P. R. Ferguson, for applicant.

BY THE COMMISSION:

OPINION

ORIGINAL

In the above entitled matter, The Southern Sierras Power Company asks permission to issue and sell, at not less than 88 per cent of face value, \$247,600.00 of its first and refunding mortgage six percent bonds due January 1, 1965, to finance in part the cost of additions and betterments made during the period from August 1, 1925 to December 31, 1925, both inclusive.

The Southern Sierras Power Company heretofore has applied for and received permission to issue bonds to finance, in part, construction expenditures made prior to August 1, 1925. The company now reports, in Exhibit "B", additional expenditures on capital account, up to December 31, 1925, of \$1,447,288.87, from which, however, it deducts \$182,754.47 representing property displaced, and \$975,202.44 representing amounts carried in construction work in progress accounts, which were used in previous certificates as a basis for issuing bonds. Deducting these amounts from the \$1,447,288.87 it arrives at the sum of \$291,331.96, against which no bonds have been issued and on account of which applicant now

asks permission to issue \$247,600.00 of bonds.

Applicant has bonds outstanding which have been issued 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 September 1, 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 six percent bonds due January 1, 1965. In addition it has assumed the payment of the six percent serial bonds of Coachella Valley Ice and Electric Company which are dated January 1, 1912 and mature in equal annual installments of \$15,000.00 on the first day of January of each of the years 1937 to 1956.

As of February 28, 1926, applicant reports its outstanding bonded indebtedness at \$11,133,000.00, which includes the following:-

First mortgage bonds	\$2,470,000.00
First and refunding mortgage bonds:	
Series "A", dated Jan. 1, 1915	\$2,306,000.
Series "B" dated Dec. 1, 1920	4,963,000.
Series "C" dated Oct. 1, 1924	<u>1,094,000.</u>
	8,363,000.00
Coachella Valley Ice & Electric Company bonds	<u>300,000.00</u>
Total.....	<u><u>\$11,133,000.00</u></u>

Applicant proposes to sell the \$247,600. of bonds at eighty-eight percent of face value. It asks permission to use the proceeds to reimburse its treasury. Applicant's balance sheet as of February 28, 1926 shows a corporate surplus of \$140,403.97 and indebtedness, other than bonded indebtedness, at \$2,719,973.21, which includes advances from affiliated companies of \$500,000.00, notes payable of \$6,789.00, accounts payable of \$2,002,089.67 and miscellaneous current and accrued liabilities of \$211,099.54. Cash on hand and other current or accrued assets, as of the same date, are reported at \$1,048,961.90. We are of

the opinion that the proceeds from the sale of the bonds should be used to pay outstanding indebtedness rather than reimburse applicant's treasury.

An appropriate order accordingly will be made.

ORDER

The Southern Sierras Power Company having applied to the Railroad Commission for permission to issue and sell bonds, and the Railroad Commission being of the opinion that this is a matter in which a public hearing is not necessary, and that the application should be granted as herein provided, and that the expenditures herein authorized are not, in whole or in part, reasonably chargeable to operating expense 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 December 31, 1926, at not less than 88 percent of face value plus accrued interest \$247,600.00 of its first and refunding mortgage six percent bonds and to use the proceeds(\$207,880.) other than accrued interest, to pay in part the outstanding indebtedness to which reference is made in the foregoing opinion, and to finance \$207,880.00 of the cost of the additions and betterments described in Exhibit "B", attached to the application herein, as is properly chargeable to capital account, as defined by the Uniform Classification of Accounts prescribed by the Railroad Commission.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$248.00, and, further, that applicant shall keep such record of the

issue and sale 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, insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 26th day of April, 1926.

H. B. Brundage
C. S. Sawyer

Leon A. Willard

Commissioners.

