

Decision No. 18505

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
MIDLAND COUNTIES PUBLIC SERVICE)
CORPORATION)

for an order authorizing the execu-)
tion and delivery of an indenture)
supplemental to a certain trust in-)
denture dated September 1, 1921,)
and for an order authorizing the)
issue and sale of certain bonds.)

Application No. 13811.

Murray Bourne, for applicant.

BY THE COMMISSION:

O P I N I O N

In the above entitled matter Midland Counties Public Service Corporation asks the Railroad Commission to make an order authorizing it:-

1. To execute and deliver an indenture, dated January 1, 1927, supplemental to its trust indenture of September 1, 1921, in the form filed in this matter as Exhibit 1;
2. To issue and sell, at 93.25 percent of face value plus accrued interest, \$2,500,000.00 of its first mortgage five percent thirty year bonds;
3. To use the proceeds to be received through the issue and sale of such bonds to pay outstanding indebtedness incurred in retiring bonds formerly outstanding and in making capital expenditures; and

4. To amortize the unamortized discount and expense on the bonds heretofore redeemed, together with the premium expended in so redeeming them, with the discount and expense on the bonds proposed to be issued, over the life of such new bonds.

Midland Counties Public Service Corporation has outstanding \$1,000,500.00 of stock, all of which, except nine shares held by directors, is reported held by Western Power Corporation. It reports no bonds outstanding but accounts payable and other current liabilities at \$3,394,597.01. As of April 30, 1927, it reports its total assets and liabilities as follows:-

ASSETS:

Fixed capital in service - - - - -	\$4,742,846.17	
Fixed capital under construction - - -	351,496.58	
Total Fixed Capital - - - - -		\$5,094,342.75
Current Assets:		
Cash - - - - -	\$7,658.43	
Special deposits - - - - -	5,000.00	
Accounts receivable - - - - -	105,559.22	
Materials and supplies - - - - -	119,313.68	
Other - - - - -	2,571.74	
Total Current Assets - - - - -		240,103.07
Sinking Funds - - - - -		48.19
Deferred Debits - - - - -		241,924.51
Total Assets - - - - -		<u>\$5,576,418.52</u>

LIABILITIES:

Capital Stock - - - - -		\$1,000,500.00
Current Liabilities:		
Accounts payable - - - - -	\$38,742.34	
Due affiliated companies - - - - -	2,780,361.82	
Notes payable - affiliated cos. - - -	552,950.32	
Accruals - - - - -	12,235.01	
Consumers' deposits - - - - -	10,307.52	
Total Current Liabilities - - - - -		3,394,597.01
Deferred Credits - - - - -		218,745.61
Reserves - - - - -		535,785.58
Surplus - - - - -		426,790.32
Total Liabilities - - - - -		<u>\$5,576,418.52</u>

It appears on December 31, 1926, applicant had an outstanding bonded debt of \$1,884,000.00, consisting of \$1,254,000.00 of Series "A" 7-1/2 percent general refunding mortgage bonds, due 1956, \$385,000.00 of Series "B" six percent general refunding mortgage bonds, due 1952, and \$245,000.00 of six percent underlying bonds, due 1932. Subsequently, with moneys advanced to it by Western Power Corporation, applicant paid and retired all its outstanding bonds, calling them at a total premium of \$125,550.00. Applicant now asks permission to use the proceeds from the sale of \$1,884,000.00 of bonds covered by this application to pay, in part, these advances by Western Power Corporation used in retiring the \$1,884,000.00 of bonds formerly outstanding. It estimates its annual savings as a result of this refinancing at \$13,262.00.

Applicant asks permission to use the proceeds from the sale of the remaining \$616,000.00 of bonds to pay indebtedness incurred in making capital expenditures or reimburse its treasury because of income expended for such purpose. In its Exhibit "C" it reports the balance of construction expenditures unfinanced at April 30, 1925, as shown in Decision No. 15541, dated October 21, 1925, at \$344,708.98 and subsequent expenditures up to April 30, 1927, of \$936,687.70, making total expenditures of \$1,281,396.68 against which no bonds or stocks have been issued and which it is now proposed to finance in part through the issue of the \$616,000.00 of bonds.

O R D E R

Midland Counties Public Service Corporation having applied to the Railroad Commission for authority, as indicated in the foregoing opinion, a public hearing having been held before Examiner

Fankhauser and the Railroad Commission being of the opinion that the application should be granted as provided herein, and that the money, property or labor to be procured or paid for through 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 Midland Counties Public Service Corporation be, and it hereby is, authorized to execute a supplemental indenture substantially in the same form as that filed in this proceeding as Exhibit 1, and to issue and sell, ^{on or before Sept. 1, 1927,} at not less than 93.25 percent of face value plus accrued interest \$2,500,000.00 of its first mortgage five percent bonds for the purpose of paying outstanding indebtedness incurred in retiring bonds and in making capital expenditures or reimburse its treasury because of income expended for said purposes.

IT IS HEREBY FURTHER ORDERED that Midland Counties Public Service Corporation be, and it hereby is, authorized to amortize the unamortized discount and expense on the \$1,884,000.00 of bonds heretofore redeemed, together with the premium expended in so redeeming them, over the life of the bonds herein authorized to be issued.

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

1. The authority herein granted to execute a supplemental indenture is for the purpose of this proceeding only and is granted only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said indenture as to such other legal requirements

to which said indenture may be subject.

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, insofar as applicable, is made a part of this order.
3. 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 One Thousand Seven Hundred and Fifty (\$1,750.00) Dollars.

DATED at San Francisco, California, this 14th
day of June, 1927.

Emmert
H. B. Brundage
Chas. E. Beatty
Leon A. Whelan
Thos. B. Powell

Commissioners.

