

LR:

Decision No. 10970

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
GREAT WESTERN POWER COMPANY)
OF CALIFORNIA)
for authority to issue and sell)
\$10,000,000.00 face amount of) Application No. 14683.
4-1/2 % gold notes.)

Chaffee E. Hall, for applicant.

BY THE COMMISSION:

O P I N I O N

Great Western Power Company of California has applied to the Railroad Commission for permission to issue and sell, at not less than ninety-seven percent of their face value plus accrued interest, \$10,000,000.00 of three year four and one half percent gold notes.

The company asks permission to use the proceeds to be received from the sale of its notes to reimburse its treasury for expenditures made prior to March 31, 1928 for additions and betterments to its plant and system and in retiring bonds and debentures, and to pay the cost of additions and betterments during the period from April 1, 1928 to December 31, 1928. In this connection it reports that it has expended, out of moneys derived otherwise than from the sale of securities, the sum of \$6,784,551.78 for additions and betterments prior to March 31, 1928, and \$642,774.25 in retiring

general mortgage bonds, general lien bonds, first and refunding Series "B" bonds and debentures; the two items aggregating \$7,427,326.03. Although it asks permission to use the proceeds from the sale of its notes, in part, to reimburse its treasury because of such expenditures, the testimony herein indicates that a substantial portion of the money necessary for the aforesaid purposes was obtained from the Western Power Corporation. As of March 31, 1928 applicant owed the Western Power Corporation the sum of \$4,977,727.89. On this indebtedness applicant is paying interest at the rate of six percent per annum. It is reported to be the intention of the company to use proceeds from its notes to repay these advances and to use the remaining proceeds to finance future construction expenditures.

The expenditures made prior to March 31, 1928 have been reported in some detail in Application No. 14111 heretofore filed with the Commission and in Exhibit "C" attached to this petition. Those to be made during the period from April 1, 1928 to December 31, 1928, are estimated at \$6,740,011.00 and are reported in Exhibits "D" and "E" now filed in this proceeding. Summarized they are as follows:-

Production capital	\$3,619,174.00
Transmission capital	380,317.00
Distribution capital	1,601,341.00
Line extensions for new consumers. .	962,789.00
Steam heat department.	18,211.00
General capital.	<u>158,179.00</u>
Total	<u>\$6,740,011.00</u>

The production capital includes an estimated expenditure of \$3,534,249.00 to complete the new San Francisco steam plant. The first unit of this plant will have an initial capacity of 35,000 K.W. and will be completed, it is thought, by April, 1929.

The notes proposed to be issued constitute a new security of the company. They will be unsecured, will be dated May 1, 1928, will bear interest at the rate of 4.5 percent per annum, will mature May 1, 1931 and will be callable at 100-3/8; if redeemed on or before April 30, 1929, at 100-1/4, if redeemed on or before April 30, 1930, and at 100-1/8 if redeemed thereafter and prior to maturity, together with accrued interest in each case. An indenture and a supplemental indenture, both dated May 1, 1928 and defining the terms and conditions under which the notes will be issued have been filed as Exhibit "I".

The \$10,000,000.00 of notes are part of a total authorized issue of \$25,000,000.00 of gold notes, issuable in series, the notes of any series to bear such dates of issue and rate of interest and be payable, interest and principal, at such time or times, and be callable at such prices as the Board of Directors may determine. The indenture provides that the company may execute a supplemental indenture or indentures mortgaging, pledging, conveying and assigning to the trustee, and to subject to the lien of the indenture any or all of its property, assets and franchises, which lien would equally secure all the authorized issue of notes, including the \$10,000,000.00 covered by this application.

O R D E R

Great Western Power Company of California having applied to the Railroad Commission for permission to issue notes, 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 the issue of the notes 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 Great Western Power Company of California be, and it hereby is, authorized to execute and enter into an indenture and supplemental indenture substantially in the same form as those filed in this proceeding as Exhibit "I", and to issue and sell, on or before October 31, 1928, at not less than ninety-seven percent of their face value plus accrued interest, \$10,000,000.00 of three year four and one half percent notes and to use \$4,977,727.89 of the proceeds to pay indebtedness due Western Power Corporation; use \$1,806,823.89 to reimburse its treasury because of earnings used to pay for additions and betterments and to use the remaining proceeds to finance in part the construction expenditures described in Exhibits "D" and "E".

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

(1) The authority herein granted to execute indentures 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 indentures as to such other legal requirements to which said indentures may be subject.

(2) Applicant shall keep such record of the issue and sale of the notes 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 shall become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Five Thousand Five Hundred (\$5,500.00) Dollars.

(4) Applicant shall file with the Commission, within thirty (30) days after execution, two certified copies of the indenture and supplemental indenture, of May 1, 1928, as finally executed.

DATED at San Francisco, California, this 8th day of June, 1928.

Leon Whitell
Chairman
Wm. H. ...
...
...
...
Commissioners.

Fee \$5500.00
RAILROAD COMMISSION
STATE OF CALIFORNIA
JUN 2 1928
By [Signature]
Fee \$5500.00