

LEM

Decision No. 19987.

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. 14822.
of \$1,128,800.00 par value, first)
and refunding mortgage bonds.)

P. R. Ferguson, for applicant.

BY THE COMMISSION:

O P I N I O N

The Southern Sierras Power Company has applied to the Railroad Commission for an order authorizing it to issue and sell \$1,128,800.00 of its first and refunding mortgage six percent. bonds due January 1, 1965.

The company reports that during the period from January 1, 1927, to December 31, 1927, it acquired or constructed betterments and extensions to its properties in the sum of \$2,306,122.25, as shown in detail in Exhibit "B", and that it displaced property in the sum of \$978,051.60, leaving net additions during the period, of \$1,328,071.25. It is alleged that these expenditures have not been paid or provided through the issue of stock or bonds and it appears that they have been financed, temporarily, with advances from The Nevada California Electric Corporation, the reported owner of substantially all of applicants outstanding stock. These advances, which bear interest at the rate of seven percent. per annum, aggregate \$1,549,713.81, as of May 31, 1928.

It is applicant's intention to use the proceeds received from the sale of its bonds to pay in part this indebtedness.

Applicant proposes to sell its bonds for cash, at not less than 98 percent. of par value plus accrued interest, to The Nevada California Electric Corporation. The bonds, as stated, bear interest at the rate of six percent. per annum and mature on January 1, 1965. Although designated as first and refunding mortgage bonds it appears that the first mortgage ^{bonds} and the underlying divisional mortgage ^{bonds} heretofore outstanding against applicant's properties have been redeemed so that the bonds issued under the first and refunding mortgage in effect are a first lien on applicant's properties. In addition, it appears that all of the bonds heretofore issued are owned by The Nevada California Electric Corporation, and further, are guaranteed principal and interest by The Nevada California Power Company, also controlled by The Nevada California Electric Corporation. Because of these conditions and the evidence in this matter, we believe that applicant should receive the full face value for its bonds and we will so provide in the following order.

O R D E R

The Southern Sierras Power Company having applied to the Railroad Commission for permission to issue and sell 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 the issue and sale of the bonds is reasonably required for the purpose specified herein, which purpose is 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 hereby is, authorized to issue and sell, on or before September 30, 1928, at not less than face value plus accrued interest, \$1,128,800.00 of its first and refunding mortgage bonds and to use the proceeds to pay in part its outstanding indebtedness due The Nevada California Electric Corporation.

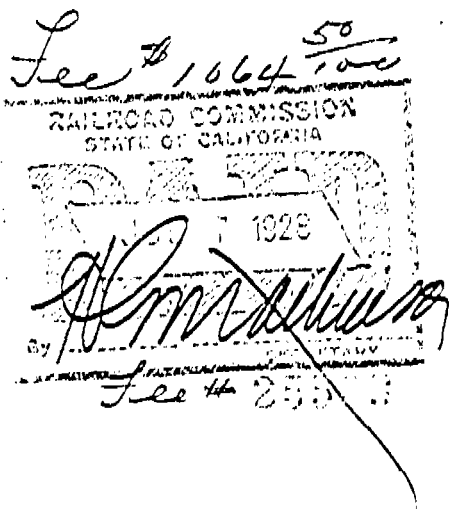
The authority herein granted is subject to the following conditions;-

1. 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.

2. 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 \$1,064.50.

DATED at San Francisco, California, this 3rd day of

July, 1928.



[Signature]

[Signature]

[Signature]

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Commissioners.