

ORIGINAL

Decision No. 28050

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 SIERRA AND SAN FRANCISCO POWER )  
 COMPANY, )  
 a corporation, for an order of the )  
 Railroad Commission of the State of )  
 California authorizing applicant to )  
 issue, sell and deliver its First )  
 Mortgage Five Per Cent. Gold Bonds, )  
 due August 1, 1949, to the face )  
 amount of \$500,000.00, and to use )  
 the proceeds thereof for the pur- )  
 poses set forth herein. )

Application No. 15457.

C. P. Cutten, for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding Sierra and San Francisco Power Company asks permission to issue and sell at not less than ninety-nine percent of face value, plus accrued interest, \$500,000.00 of its first mortgage five percent gold bonds due August 1, 1949, and to use the proceeds for the purpose of financing in part expenditures for additions and betterments made during the period from January 1, 1920 to June 30, 1928, inclusive, and/or to pay in part indebtedness due the Pacific Gas and Electric Company, and/or to deposit said bonds to secure the payment of advances made by Pacific Gas and Electric Company.

The application sets forth that Sierra and San Francisco Power Company on or about December 31, 1919, entered

into an indenture of lease with Pacific Gas and Electric Company whereby it leased all of its operative properties to Pacific Gas and Electric Company for a period of fifteen years from and after January 1, 1920, and that ever since that date Pacific Gas and Electric Company has been, and now is, in possession of and operating all of said properties. It appears that under the terms of the lease agreement Pacific Gas and Electric Company has agreed, among other things, to maintain and operate the properties properly, to pay the cost of such maintenance and operation, to pay all taxes and governmental charges, to pay annually \$30,000.00 into a fund to amortize bond discount and expense, this amount to be increased if additional bonds are issued, to pay into a special depreciation fund an amount equal to two percent of the gross revenues obtained from the leased properties, to pay interest on the outstanding bonds, to pay a rental of \$50,000.00 during the first and second years of the lease, \$100,000.00 during the third year and \$150,000.00 annually during the remaining years of the lease, and in addition, to build all necessary extensions, additions and betterments to applicant's plants and properties. The Pacific Gas and Electric Company is to be reimbursed for money expended for construction purposes.

It is now reported that pursuant to the provisions of the lease agreement Pacific Gas and Electric Company during the period from January 1, 1920 to June 30, 1928, inclusive, had expended for additions to, extensions of and betterments upon the properties of Sierra and San Francisco Power Company, the sum of \$8,178,807.50, as set forth in detail in Exhibit "B" filed with the petition herein. It appears that the Commission heretofore, by Decision No. 10014, dated January 21, 1922, and Decision No. 12126, dated May 23, 1923, authorized applicant to issue in the aggregate \$2,000,000.00 of first mortgage five percent bonds, similar to the \$500,000.00 of bonds now proposed to be issued, to

finance in part such expenditures, and applicant alleges, and the records of the Commission so indicate, that except as to such bonds, applicant has not applied to the Commission, nor received permission from the Commission, to issue securities to finance the \$8,178,807.50 of expenditures set forth in Exhibit "B".

It seems to us that applicant is justified in issuing additional bonds and the order herein accordingly will authorize it to issue the \$500,000.00 of bonds. Such authority, however, is not to be construed as an approval of the total expenditures reported in Exhibit "B".

#### ORDER

Sierra and San Francisco Power Company having applied to the Railroad Commission for permission to issue bonds, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary, and that the money, property or labor to be procured or paid for through the issue of such bonds is reasonably required for the purposes specified herein, which purposes are not in whole or in part reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that Sierra and San Francisco Power Company be, and it hereby is, authorized to issue and sell, on or before July 31, 1929, at not less than ninety-nine percent of face value, plus accrued interest, \$500,000.00 of its first mortgage five percent gold bonds, due August 1, 1949, and to use the proceeds for the purpose of financing in part the construction expenditures described in Exhibit "B" filed in this proceeding, and/or to pay in part

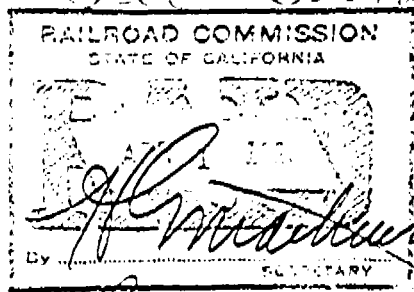
indebtedness due Pacific Gas and Electric Company, or to deposit such bonds to secure the payment of indebtedness due Pacific Gas and Electric Company as provided in the lease of December 31, 1919.

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

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

DATED at San Francisco, California, this 29th day of March, 1929.



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Commissioners.