

Decision No. 21034

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 \$708,500.00 par value,)
first and refunding mortgage bonds.)

ORIGINAL

Application No. 15563.

P. R. Ferguson, for applicant.

BY THE COMMISSION:

O P I N I O N

In this application The Southern Sierras Power Company asks permission to issue and sell at not less than 98 per cent of their face value and accrued interest \$708,500.00 of its Series "C" six percent first and refunding mortgage bonds due January 1, 1965, for the purpose of paying indebtedness and financing in part the cost of additions and betterments to its properties. Though the mortgage which secures the payment of the bonds is designated as a first and refunding mortgage, the fact is that at the present time it is a first lien on all of the company's properties.

Applicant is an electrical corporation engaged in a public utility business in the counties of Mono, Inyo, Kern, San Bernardino, Riverside and Imperial. In some of these counties the company, however, operates in competition with other electrical corporations.

As of February 28, 1929, applicant reports its assets and liabilities as follows:-

ASSETS AND OTHER DEBITS:

<u>Investments:</u>	
Fixed Capital in Service - Electric	\$16,821,515.49
Fixed Capital under Construction.	691,288.72
Miscellaneous Investments	307.40
Total Investments.	<u>17,513,111.61</u>
<u>Current and Accrued Assets:</u>	
Cash.	128,597.50
Notes Receivable.	30,736.88
Accounts Receivable	458,734.01
Materials and Supplies.	574,665.64
Jobbing Account	13,630.29
Total Current and Accrued Assets	<u>1,206,364.32</u>
Sinking Funds	565.00
<u>Deferred Debits:</u>	
Unamortized Debt Discount and Expense	856,824.03
Prepayments	97,864.41
Miscellaneous Deferred Debits	85,806.25
Total Deferred Debits.	<u>1,040,494.69</u>
Special Deposits:	180.00
Discount on Capital Stock.	<u>4,995,350.00</u>
Total Assets and Other Debits.	<u>\$24,756,065.62</u>

LIABILITIES AND OTHER CREDITS:

<u>Capital and Long Term Liabilities:</u>	
Capital Stock	\$ 7,000,000.00
Common Stock	\$5,000,000
Preferred Stock	<u>2,000,000</u>
Long Term Debt.	<u>13,250,000.00</u>
Total Capital and Long Term Liability	<u>20,250,000.00</u>
<u>Current and Accrued Liabilities:</u>	
Notes Payable	93.00
Accounts Payable.	1,214,044.10
Consumers' Deposits	35,574.12
Miscellaneous Current Liabilities60
Taxes Accrued	26,106.78
Interest Accrued.	214,160.00
Total Current and Accrued Liabilities	<u>1,489,978.60</u>
<u>Deferred Credits:</u>	
Consumers' Advances for Construction.	170,186.40
Miscellaneous Deferred Credits.	12,669.37
Total Deferred Credits.	<u>182,855.77</u>
<u>Reserves:</u>	
Depreciation Reserve.	1,667,225.12
Casualty and Insurance Reserve.	6,031.79
Operating Reserves.	120,274.02
Total Reserves.	<u>1,793,530.93</u>
Liabilities Offset by Special Deposits:	<u>180.00</u>
<u>Appropriated Surplus:</u>	
Sinking Fund Reserves	<u>814,667.50</u>
<u>Unappropriated Surplus:</u>	
Profit and Loss Balance	<u>224,852.82</u>
Total Liabilities and Other Credits	<u>\$24,756,065.62</u>

In its Exhibit "B" applicant reports that from January 1st, 1928 to December 31st, 1928, both inclusive, it expended for the acquisition and construction of properties the sum of \$1,220,905.03. During the same period it retired property representing an investment of \$387,300.60. Deducting the retirements from the gross additions leaves a net cost of additions and betterments of \$833,604.43. These net expenditures have not been financed through the issue of bonds or stock. They were paid for by borrowing moneys from the Nevada California Electric Corporation and other companies and through the use of earnings. At this time the company asks permission to issue \$708,500.00 of bonds to pay indebtedness and reimburse its treasury because of said expenditures of \$833,604.43.

Applicant asks permission to sell its bonds at 98 per cent of their face value and accrued interest. In view of the fact that the bonds bear interest at the rate of six percent per annum, are a first lien on the company's properties and that their payment is guaranteed by the Nevada California Power Company, which, like applicant, is also controlled by the Nevada California Electric Corporation, we believe that the bonds which applicant asks permission to issue, should be sold at par.

ORDER

The Southern Sierras Power Company having applied for permission to issue \$708,500.00 of bonds, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the money, property or labor to be procured or paid

for through the issue of such bonds is reasonably required by applicant and that the expenditures are not in whole or in part reasonably chargeable to operating expenses or to income, therefore

IT IS HEREBY ORDERED as follows:

1. The Southern Sierras Power Company may issue and sell at not less than par, on or before October 1, 1929, \$708,500.00 of its first and refunding mortgage Series "C" six percent bonds due January 1, 1965, and use the proceeds obtained from the sale of such bonds to pay indebtedness to finance in part the cost of additions and betterments, referred to in Exhibit "B" filed in this proceeding, and reimburse its treasury because of earnings expended to pay for said additions and betterments, and
2. The authority herein granted will become effective when The Southern Sierras Power Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Seven Hundred and Nine (\$709.00) Dollars.
3. The Southern Sierras Power Company shall keep such record of the issue of the bonds and the use of the proceeds obtained from the

sale of said bonds as will enable it to
file reports as are required by the
Commission's General Order No. 24, which
order, insofar as applicable, is made a
part of this order.

DATED at San Francisco, California, this 30th
day of April, 1929.

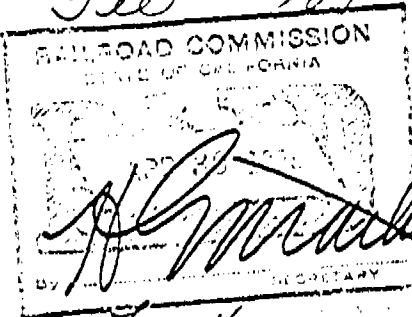
Frank B. Lewis

C. S. ...

W. H. ...

Commissioners.

Fee \$ 709.⁰⁰



Fee \$