

Decision No. 22347.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of)
THE SOUTHERN SIERRAS POWER COMPANY,)
an electrical corporation, for an)
order authorizing the issue and sale)
of \$1,374,500.00 par value, first and)
refunding mortgage bonds.)

Application No. 16346

J. S. Bordwell, for applicant.

BY THE COMMISSION:

O P I N I O N

The Southern Sierras Power Company has applied to the Railroad Commission for permission to issue and sell \$1,374,500.00 of its first and refunding mortgage six percent bonds due January 1, 1965, at not less than 98 percent of face value, plus accrued interest, and to use the proceeds to finance construction costs.

Applicant is a corporation organized on or about June 15, 1911 under the laws of the State of Wyoming. It is engaged in the public utility electric business in this state in the Counties of Mono, Inyo, Kern, San Bernardino, Riverside and Imperial. A portion of its operations is conducted in competition with other electrical corporations. In Exhibit "A" attached to the petition, the company reports its assets and liabilities, as of December 31, 1929,

as follows:-

<u>ASSETS:</u>		
Investment in fixed capital		\$18,849,276.53
Current assets:		
Cash	\$225,656.25	
Notes receivable	16,886.66	
Accounts receivable	547,925.18	
Materials and supplies	541,979.07	
Jobbing accounts	<u>13,711.64</u>	1,346,158.80
Special deposits		195.00
Sinking funds		982.50
Deferred debits		923,600.51
Discount on stock		<u>4,995,350.00</u>
Total assets.....		<u>\$26,115,563.34</u>

<u>LIABILITIES</u>		
Capital stock		\$ 7,000,000.00
Long term debt		13,755,000.00
Current liabilities:		
Accounts payable	\$1,905,310.63	
Consumers deposits	36,986.96	
Accruals	253,481.62	2,195,779.21
Deferred credits		187,233.45
Reserves		1,917,624.25
Miscellaneous		195.00
Appropriated surplus		988,016.25
Unappropriated surplus		<u>71,715.18</u>
Total liabilities		<u>\$26,115,563.34</u>

The \$1,374,500.00 of bonds now proposed to be issued, as well as the \$13,755,000.00 now outstanding, are secured by a mortgage or deed of trust of the "open-end type". Although designated as first and refunding mortgage bonds, the payment of the bonds is, as a matter of fact, secured by a mortgage which is a first lien on the company's properties.

In making the application to issue additional bonds, the company reports that from January 1, 1929 to December 31, 1929, inclusive, it expended for the acquisition and construction of properties the sum of \$2,175,932.58. During the same period it retired property representing an investment of \$558,730.14, leaving a net investment for the year of \$1,617,202.44. These net expenditures, it appears,

were not financed through the issue of stock or bonds, but were provided with moneys borrowed from the Nevada-California Electric Corporation, and other companies, and through the use of earnings. The company plans to use the proceeds from the proposed new issue of bonds to liquidate in part, its outstanding indebtedness and to reimburse its treasury.

Permission is requested to sell the \$1,374,500.00 of bonds at 98 percent of face value. In view of the financial condition of applicant and the fact that the bonds bear interest at the rate of six percent per annum, mature in 1965, are a first lien on the company's properties, and that their payment is guaranteed by Nevada-California Power Company, a corporation like applicant, controlled by Nevada-California Electric Corporation, we believe applicant should receive not less than the face value for its bonds. The order herein will so provide.

ORDER

The Southern Sierras Power Company having applied to the Railroad Commission for permission to issue and sell \$1,374,500.00 face value of 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 such issue is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that The Southern Sierras Power Company be, and it is hereby, authorized to issue and sell on or before September 30, 1930 at not less than their face value

