

Decision No. 22882

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 percent gold bonds, due
August 1, 1949 to the face amount of
\$1,000,000.00 and to use the proceeds
thereof for the purposes set forth
herein.

ORIGINAL

Application No. 16857

C. P. Cutten, for applicant.

BY THE COMMISSION:

OPINION

Sierra and San Francisco Power Company has applied to the Railroad Commission for permission to issue, sell and deliver at not less than face value, plus accrued interest, \$1,000,000.00 of its first mortgage five percent bonds, due August 1, 1949, for the purpose of financing in part the cost of construction expenditures, and/or to pay in part indebtedness due Pacific Gas and Electric Company, and/or to deposit said bonds to secure the payment of advances made by Pacific Gas and Electric Company.

It appears that Sierra and San Francisco Power Company is the owner of certain electric properties located in the Counties of Tuolumne, Calaveras, Stanislaus, San Joaquin, Contra Costa, Alameda, Santa Clara, San Mateo, San Benito and Monterey and in the City and County of San Francisco. The company had outstanding, as of July 31, 1930, \$20,000,000.00 of common stock, all of which,

except directors' shares, is owned by Pacific Gas and Electric Company, \$20,489,000.00 of bonds consisting of \$11,000,000.00 of first mortgage five percent bonds due 1949, similar to those now proposed to be issued, \$1,000,000.00 of second mortgage six percent bonds due 1949 and \$8,489,000.00 of second mortgage five percent bonds due 1949, and \$4,706,853.23 of indebtedness due Pacific Gas and Electric Company.

The company's properties are operated by Pacific Gas and Electric Company under a lease arrangement dated December 31, 1919 and running for a period of fifteen years from January 1, 1920, whereby the lessee has agreed, among other things, to build all necessary extensions, additions and betterments upon applicant's properties. It is to be reimbursed by applicant for expenditures for such purposes.

It is reported that Pacific Gas and Electric Company during the period from January 1, 1920 to and including June 30, 1928 expended the sum of \$8,178,807.70 for additions, extensions and betterments upon applicant's properties as set forth in some detail in Exhibit "B" filed with Application No. 15457 and heretofore submitted to the Commission for consideration. Applicant from time to time has been authorized by the Commission, because of such expenditures, to issue \$2,500,000.00 of first mortgage bonds at prices yielding it in the aggregate \$2,127,500.00. It now proposes to issue an additional \$1,000,000.00 of bonds against the expenditures.

It appears to us that applicant's properties and earnings are sufficient to warrant the issue at this time of the additional \$1,000,000.00 of bonds. Because of the excess of the reported expenditures over the past and proposed bond issues, it does not seem

necessary to make a detailed check of all the items listed in the exhibit and the authority herein granted therefore is not to be construed as an approval of such items in their entirety.

O R D E R

Sierra and San Francisco Power Company having applied to the Railroad Commission for authority to issue \$1,000,000.00 of 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, sell and deliver, on or before December 31, 1930, at not less than face value plus accrued interest, \$1,000,000.00 of 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 made during the period from January 1, 1920 to and including June 30, 1928, referred to and described in Exhibit "B" filed with Application No. 15457, and/or to pay in part indebtedness due Pacific Gas and Electric Company, referred to in this application, and/or to deposit said bonds to secure the advances made by Pacific Gas and Electric Company, as provided for in the indenture of the lease dated December 31, 1919.

The authority herein granted is subject to the following conditions:

- (1) Applicant shall keep such record of the issue 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 \$1,000.00.

DATED at San Francisco, California, this 13th day of September, 1930.

CL. [Signature]
[Signature]
[Signature]
[Signature]

Commissioners.

