

LBM

Decision No. 23991.

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 \$1,141,500.00 par value, First and)
Refunding Mortgage Bonds.)

Application No. 17531

J. S. Bordwell, for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding The Southern Sierras Power Company asks permission to issue and sell \$1,141,500.00 of its first and refunding mortgage six percent bonds due January 1, 1965, at not less than 98 percent of their face value and accrued interest and use the proceeds to finance construction expenditures.

The Southern Sierras Power Company was organized on or about June 15, 1911 under and by virtue of the laws of the State of Wyoming. It is engaged in a public utility business in the State of California, and particularly in the Counties of Mono, Inyo, Kern, San Bernardino, Riverside and Imperial. However, other companies furnish electrical energy, in portions of the counties in which applicant operates.

As of May 31, 1931 applicant reports its assets and liabilities as follows:-

<u>A S S E T S</u>	
<u>INVESTMENTS:</u>	
Fixed capital in service-electric	\$19,769,873.16
Fixed capital under construction	1,729,593.84
Miscellaneous investments	110.00
Total investments	<u>\$21,499,577.02</u>
<u>CURRENT AND ACCRUED ASSETS:</u>	
Cash	\$ 221,475.93
Notes receivable	16,392.16
Accounts receivable	586,651.00
Materials and supplies	514,531.83
Jobbing account	9,308.67
Total current and accrued assets	1,348,359.59
<u>SINKING FUNDS:</u>	150.00
<u>DEFERRED DEBITS:</u>	
Unamortized debt discount and expense	753,220.73
Prepayments	49,595.78
Miscellaneous deferred debits	76,405.62
Total deferred debits	879,222.13
<u>SPECIAL DEPOSITS:</u>	
For paying coupons-First mortgage bonds	195.00
<u>DISCOUNT ON CAPITAL STOCK.</u>	4,995,350.00
Total assets and other debits.....	<u>\$28,722,853.74</u>
<u>L I A B I L I T I E S</u>	
<u>CAPITAL AND LONG TERM LIABILITIES:</u>	
Capital stock	\$ 7,000,000.00
Long term debt	14,810,000.00
Total capital and long term debt liability	\$21,810,000.00
<u>CURRENT AND ACCRUED LIABILITIES:</u>	
Accounts payable	\$ 2,966,979.34
Consumers' deposits	34,840.54
Taxes accrued	22,050.75
Interest accrued	306,540.00
Total current and accrued liabilities	3,330,410.63
<u>DEFERRED CREDITS:</u>	
Consumers' advances for construction	163,635.83
Miscellaneous deferred credits	1,138.65
Total deferred credits	164,774.48
<u>RESERVES:</u>	
Depreciation reserve	2,091,703.80
Casualty and insurance reserve	34,642.61
Operating reserves	195,647.50
Total reserves	2,321,993.91
<u>SINKING FUND RESERVES:</u>	1,293,565.00
<u>PROFIT AND LOSS DEBIT BALANCE:</u>	198,085.28
<u>OUTSTANDING FIRST MORTGAGE BOND COUPONS:</u>	195.00
TOTAL LIABILITIES AND OTHER CREDITS	<u>\$28,722,853.74</u>

Although the \$1,141,500.00 of bonds which applicant asks permission to issue are designated as first and refunding mortgage bonds, their payment is secured by a trust indenture which is a first lien on the company's properties.

It is of record that from January 1, 1930 to December 31, 1930, both inclusive, the company expended for additions to its properties, the sum of \$1,708,541.74. This expenditure replaced properties costing \$365,491.74, against which bonds have already been issued. If the \$365,491.74 is deducted from the \$1,708,541.74, there remains the sum of \$1,343,050.00, against which the company proposes to issue \$1,141,500.00 of bonds. The money necessary to pay for this construction was borrowed from Nevada-California Electric Corporation and other companies, and from earnings. The testimony of J. S. Bordwell, applicant's assistant secretary, shows that the proceeds from the \$1,141,500.00 of bonds which applicant now desires to issue will be used to pay indebtedness due Nevada-California Electric Corporation.

Applicant asks that it be permitted to sell the \$1,141,500.00 of bonds at 98 percent of their face value and accrued interest. It is urged that this is a fair price, particularly in view of the fact that the only expense which applicant will incur in connection with the issue of the bonds, is the payment of the \$1,071.00 fee prescribed by Section 52 of the Public Utilities Act. The bonds which applicant desires to issue are first mortgage six percent bonds. We believe it should receive at least par for its bonds. The order following will so provide.

ORDER

The Southern Sierras Power Company having applied to the Railroad Commission for permission to issue and sell \$1,141,500.00 par 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 December 31, 1931, at not less than their face value plus accrued interest, \$1,141,500.00 face value of its first and refunding mortgage six percent gold bonds, due January 1, 1965, and to use the proceeds to pay outstanding indebtedness, and to finance in part construction expenditures incurred during the year 1930.

The authority herein granted is subject to the following conditions:

1. Applicant shall keep such record of the issue, sale and delivery 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 One Thousand and Seventy-one(\$1,071.00) Dollars.

DATED at San Francisco, California, this 14th day of

August, 1931.

Fee \$1,071 ⁰⁰/₁₀₀

RAILROAD COMMISSION

AUG 26 1931

R. J. P. [Signature]

Fee # 23212

[Signature]

[Signature]

[Signature]

Commissioners.