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Decision No. 10409

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 \$339,321.94 par value, first and
refunding mortgage series "B" gold
bonds, the same being additional to
the issue of \$6,828,975.87 par value
of bonds heretofore authorized by
the Railroad Commission of California.)

ORIGINAL

Application Number 7781.

Chas. F. Potter, for Applicant.

BRUNDIGE, COMMISSIONER:

O P I N I O N

THE SOUTHERN SIERRAS POWER COMPANY asks permission to issue and sell at not less than 85% of their face value and accrued interest, \$339,321.94 of first and refunding mortgage 6% series "B" gold bonds due January 1, 1965, for the purpose of financing in part the cost of extensions, additions and betterments to its properties.

Applicant reports that from May 1, 1921 to February 28, 1922, both inclusive, it has added to its properties and property rights certain extensions, additions and betterments aggregating in value the sum of \$399,202.28. This amount includes \$32,277.04 expended on the Owens River Gorge project. The expenditures which are described in detail in Exhibit "C" attached to the petition are reported to have been made from income and from advances received from system corporations. The \$339,321.94 of bonds which applicant asks permission to issue represents 85% of the \$399,202.28.

P. R. Ferguson, applicant's auditor, testified that arrangements had been made to sell the bonds at 85, and the proceeds would be used by applicant to pay, in part, advances made to it by the Nevada California Electric Corporation.

Applicant's balance sheet, Exhibit "B", as of February 28, 1922 shows that it is indebted to system corporations in the sum of \$2,936,913.85. The order herein will provide that the proceeds realized from the sale of the bonds must be applied to the payment of indebtedness.

The record shows that on July 12, 1921 the United States District Court of California made and entered its judgment by which it was ordered, adjudged and decreed that certain of the properties formerly owned by the Mono Power Company and now owned by applicant, consisting of all the riparian rights in the Owens River, part and parcel of the east half of Section 16, township 5 south, range 31 east, together with a right of way for a tunnel through said land, be condemned to the use of the City of Los Angeles and the Board of Public Service Commissioners of Los Angeles, upon the payment to The Southern Sierras Power Company of the sum of \$525,000.00 and costs.

The company has appealed from this decision and the matter is now under consideration by the Circuit Court of Appeal.

It appears that the properties involved in this condemnation suit constitute a relatively small portion of the entire properties owned by applicant. Should the courts finally decide in favor of the City and the company realize less than it has expended to acquire and construct the properties, the loss must be properly recorded and the amount of bonds outstanding reduced proportionately, or surplus earnings equal to the loss invested in the properties and no securities issued on account of such investment.

I herewith submit the following form of order:-

O R D E R

THE SOUTHERN SIERRAS POWER COMPANY having applied to the Railroad Commission for permission to issue and sell bonds, a public hearing having been held, and it appearing to the Railroad Commission that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes specified herein, and that the expenditures for such purpose or 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 at not less than 85% of their face value, plus accrued interest, \$339,321.94 of its first and refunding mortgage 6% series "B" bonds due January 1, 1965, and to use the proceeds to finance in part the cost of additions, extensions and betterments described in Exhibit "C" attached to the petition herein, and through such financing, pay indebtedness.

The authority herein granted is subject to further conditions as follows:-

1..... Applicant shall keep such record of the issue and sale 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 Number 24, which order in so far as applicable, is made a part of this order.

2..... The authority herein granted will not become effective until applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$340.00.

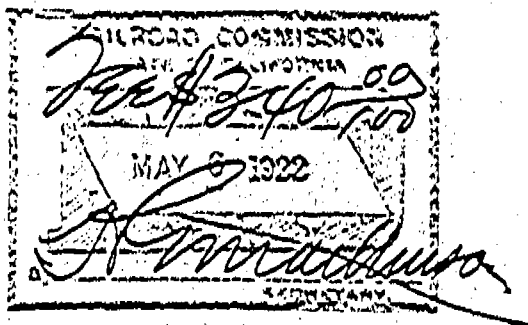
3.....The authority herein granted will apply only to such bonds
as may be issued on or before October 1, 1922.

The foregoing Opinion and Order are hereby approved and
ordered filed as the Opinion and Order of the Railroad Commission
of the State of California.

DATED at San Francisco, California, this 4th day of
May, 1922.

H. H. Brundage

Edward W. McGuire
J. F. Pennington
Commissioners.



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