

Decision No. 11512

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of)
 the WINNEMUCCA WATER AND LIGHT COMPANY) Application No. 8503.
 for permission to issue \$200,000.00 in)
 bonds.)

Heller, Ehrman, White & McAuliffe and
 H. Warren, by S. S. Stevens, for Applicant.

BY THE COMMISSION:

O P I N I O N

In this application WINNEMUCCA WATER AND LIGHT COMPANY asks the Railroad Commission to make its order authorizing it to issue and sell \$115,000.00 of seven per cent. fifteen-year bonds secured by a mortgage of its properties.

A public hearing was held in San Francisco on December 29, 1922.

Winnemucca Water and Light Company was organized on or about October 31, 1900, under the laws of the State of California. It has an authorized capital stock of \$100,000.00 divided into 1000 shares of the par value of \$100.00 each, all of which is reported outstanding. The application shows that the company is engaged in the business of supplying light, water and power in the City of Winnemucca, Nevada. For the reason that applicant has been organized under the laws of this state, it has applied to this Commission for permission to issue its bonds.

The company reports its gross revenues for the ten months ending October 31, 1922 at \$52,406.81, operating and general expenses at \$31,412.03 and net profit for the period of \$20,994.78.

Its assets and liabilities as of October 31, 1922, are reported as follows:

ASSETS:

Fixed Capital,	\$346,381.27	
Less depreciation	<u>38,374.23</u>	308,007.04
New construction,		5,981.75
Franchise,		500.00
Cash,		2,028.48
Notes and accounts receivable,		23,655.17
Materials and supplies,		1,438.46
Prepaid insurance,		<u>178.92</u>
<u>TOTAL ASSETS</u>		<u>\$341,800.82</u>

LIABILITIES:

Capital Surplus,		\$100,000.00
Bonds,		30,000.00
Notes payable,		81,134.76
Accounts payable,		23,042.45
Meter deposits,		631.00
Taxes and licenses,		1,204.22
Interest,		603.32
Surplus,		<u>105,185.07</u>
<u>TOTAL LIABILITIES</u> ,		<u>\$ 341,800.82</u>

The company asks permission to use the proceeds from the proposed issue and sale of bonds to pay outstanding indebtedness which, it is alleged, was incurred for the purpose of acquiring properties and installing extensions, additions and betterments. This indebtedness, as reported in the petition, includes \$30,000.00 of six per cent. bonds due 1926, \$81,134.76 of short term notes and \$23,042.45 of open accounts payable; a total of \$134,177.21.

Applicant proposes to execute a mortgage to secure the payment of its bonds. This mortgage, a copy of which is filed with the petition as "Exhibit A", will constitute a first lien on all of applicant's properties and will provide for a total authorized issue of \$200,000.00 of first mortgage seven per cent. fifteen year sinking fund gold bonds. Of the authorized amount, \$115,000. may be issued immediately, \$25,000. at any time subsequent to January 1, 1923 and \$60,000. at any time subsequent to July 1, 1923. The \$85,000.00 of bonds can be issued to provide seventy-five per cent of the cost of betterments, improvements and extensions to the

properties of the company if and when the net earnings of the company for a period of one year ending within six months prior to the certification of such bonds are at least twice the amount of the interest charges on all bonds outstanding, including those the trustee is asked to certify.

For the purpose of creating a sinking fund, the company agrees to pay to the trustee, on or before the 15th day of January of each year, beginning January 15, 1923 to and including January 15, 1927, an amount equal to two per cent. of the face value of the bonds then issued and outstanding, and, beginning January 15, 1928 and to and including January 15, 1937, an amount equal to three per cent. of the face value of such bonds. Any or all of the bonds issued under this mortgage may be redeemed on any interest payment date at the option of the company upon the payment of principal, accrued interest and a premium of five per cent. of face value.

At the hearing in this proceeding, the company requested the Commission to make its order covering the issue of only \$115,000. of bonds. It reports that it has made arrangements to sell this amount of bonds to Mitchum, Tully and Company at 92-1/2 per cent. of face value plus accrued interest.

Applicant's plants and properties are all located in the State of Nevada. The Railroad Commission has made no appraisal of applicant's properties, and it has no jurisdiction over applicant's rates or service. The only reason why the Railroad Commission has received this application is the fact that applicant is organized under the laws of the State of California. Inasmuch as by section 52 of the Public Utilities Act of this State, all stocks, bonds, notes or other evidences of indebtedness issued "by any public utility" ***** "shall be void," unless authorized by this Commission, we have considered this application and in order to remove any possible doubt as to the validity of the bonds, we now enter an order authorizing their issue.

O R D E R.

WINNEMUCCA WATER AND LIGHT COMPANY having applied to the Railroad Commission for permission to issue and sell \$115,000.00 of bonds, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue and sale is reasonably required for the purpose specified herein, and that the expenditures for such purpose are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED, that WINNEMUCCA WATER AND LIGHT COMPANY be, and it is hereby, authorized to execute a mortgage substantially in the same form as that filed in this proceeding and marked "Exhibit A" and to issue and sell, at not less than 92-1/2 per cent. of their face value plus accrued interest, \$115,000.00 of first mortgage seven per cent. fifteen-year bonds.

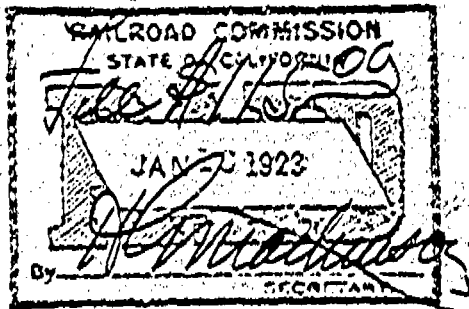
The authority herein granted is subject to further conditions as follows:-

- (1) - The authority herein given to execute a mortgage is for the purpose of this proceeding only and is granted only in so far as this Commission may have jurisdiction under the terms of the Public Utilities Act and is not intended as an approval as to such other legal requirements to which said mortgage may be subject.
- (2) - Winnemucca Water and Light Company shall use the proceeds obtained from the sale of the bonds herein authorized to pay in part the outstanding indebtedness referred to in the foregoing opinion.
- (3) - 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 No. 24,
which order in so far as applicable is made a part
of this order.

- (4) - The authority herein granted will become effective upon the
payment of the fee prescribed by Section 57 of the
Public Utilities Act, which fee is \$115.00, and will
expire on August 31, 1923.

DATED at San Francisco, California, this 16th day
of January, 1923.



C. A. Seavey

H. P. Brundage

Irving Martin

Everett Shore

J. H. Whitney

Commissioners.