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Decision No. \_\_\_\_\_.

ORIGINAL

Decision No. 3348

BEFORE THE RAILROAD COMMISSION OF THE  
STATE OF CALIFORNIA.

In the matter of the application  
of BISHOP LIGHT AND POWER COM-  
PANY for an order authorizing it  
to issue a first mortgage cover-  
ing its properties in the State  
of California, and also for an  
order authorizing the issue, use  
and sale of first mortgage bonds.

Application  
No. 1987.

Isaac B. Potter and Olin Wellborn, Jr.  
for applicant.

BY THE COMMISSION.

O P I N I O N

This is an application of BISHOP LIGHT AND  
POWER COMPANY, operating in the City of Bishop, Inyo  
County, for authority to execute a first mortgage up-  
on its properties and to issue bonds thereunder.

By amendment to the original petition authority is asked at the present time to issue Four Thousand Five Hundred (\$4,500.) Dollars face value of bonds at not less than ninety per cent. of their face value and accrued interest, in order to reimburse the company for moneys expended from income for additions and betterments.

Bishop Light and Power Company was incorporated on April 23, 1902, under the laws of the State of California for a term of fifty years "to furnish electricity for lighting and power purposes, to construct and operate telephone lines; to construct, own and operate pumping plants and furnish water systems for cities and towns."

Applicant has a total authorized capital stock issue of 200 shares of stock of the par value of \$100. per share, of which 156 shares are now outstanding. All of this stock, except qualifying shares for directors, is held by The Nevada-California Electric Corporation, a holding company controlled by the same interests as applicant. In 1914 and 1915 dividends of ten per cent.

were declared upon the outstanding capital stock. The company has no preferred stock and no bonds authorized or outstanding and states that its property is unencumbered. It further states that it has no notes outstanding and that its only indebtedness consists of the current liabilities shown by its Balance Sheet for October 31, 1915, given below:

Liabilities.

<u>Capital Stock</u>	\$15,500.00
<u>Current Liabilities</u>	
Taxes Accrued	300.81
Vouchers Payable	742.44
Customers' Deposits	10.00
<u>Surplus</u>	
Surplus January 1, 1915,	26,014.61
Surplus this year to date	1,851.32
Dividends paid July 1915	1,560.00*
Total Net Surplus	<u>26,305.93</u>
<u>Reserves</u>	
Reserve for Depreciation	3,274.89
Reserve for Damages and Personal Injuries	<u>1,015.00</u>
Total	<u>\$47,249.07</u>

\*Deduction

Assets

<u>Property</u>	
Property and Equipment Jan.1,1913	32,735.18
Additions since December 31, 1912	2,075.31
Stocks and Bonds	1.00
Cash on hand and in banks	1,345.37
<u>Accounts Receivable:</u>	
Light and Power Customers	2,657.45
Merchandise Customers	1,003.03
<u>From Associated Companies: On Open Ledger Account:</u>	
The Nevada-California Power Company	4,243.30
The Southern Sierras Power Company	179.95
Interstate Telegraph Company	1.23
<u>Material, Supplies, etc.</u>	
Material and Supplies	2,974.11
Prepaid Rents	6.67
Prepaid Insurance	26.47
	<u>\$47,249.07</u>

Following is a comparative statement showing applicant's income accounts for the years ending December 31, 1912; 1913; 1914 and 1915:

	<u>1912</u>	<u>1913</u>	<u>1914</u>	<u>1915</u>
Operating Revenues	12,539.40	14,597.39	14,605.51	14,103.08
Operating Expenses	<u>8,481.49</u>	<u>11,531.13</u>	<u>11,248.21</u>	<u>11,985.92</u>
Net Operating Revenues	4,057.91	3,066.26	3,357.30	2,117.16
Miscellaneous Non-operating Revenues	<u>905.30</u>	-----	<u>24.90</u>	<u>168.06</u>
Gross Corporate Income	4,963.21	3,066.26	3,382.20	2,285.22
Deductions from Income	<u>1,770.65</u>	<u>11.55</u>	<u>60.60</u>	<u>111.10</u>
Net Income	<u>3,192.56</u>	<u>3,054.71</u>	<u>3,321.60</u>	<u>2,174.12</u>
Balance for year to Profit & Loss	3,192.56	3,054.71	3,321.60	2,174.12

Applicant's surplus account as shown by its Annual Report to the Commission for the year ending December 31, 1915, is as follows:

Balance December 31, 1914	\$26,014.61
Profit for year from Income Account	<u>2,174.12</u>
Total	\$28,188.73
Dividends on Outstanding Stock	1,560.00
Other Deductions	<u>1.00</u>
Total Deductions	<u>1,561.00</u>
Balance December 31, 1915,	\$26,627.73

Bishop Light and Power Company is the only company serving the City of Bishop, a town of approximately 1,300 inhabitants. During the past three

years the number of its consumers has increased as follows:

December 31, 1913, .....	334
December 31, 1914, .....	360
December 31, 1915, .....	389

Applicant is operating under a franchise granted on July 16, 1902, by the Board of Supervisors of Inyo County. This franchise is for a term of fifty years and gives the Company the right to erect poles and wires for transmitting electric light, power and heat, and to erect telephone poles and wires for the transmitting of telephone messages upon the public highways of the First Township, comprising Road Districts Numbers One and Two, of the County of Inyo. The territory covered by this franchise includes the present city of Bishop and certain adjacent territory. The actual cost of the franchise to the corporation was the sum of Fifty (\$50.) Dollars.

As heretofore stated, applicant requests authority to execute a first mortgage upon its properties and to issue bonds thereunder. Applicant has filed for the Commission's approval a copy of its proposed deed of trust to Los Angeles Trust and Savings Bank of Los Angeles and The International Trust Company of Denver, Trustees. In brief the terms of this Indenture are as follows:

Bonds to be issued thereunder are to be in Series. The first bonds to be issued are to be known as Series "A" bonds, otherwise designated as Bishop

Light and Power Company's first mortgage six per cent. gold bonds. They are to be dated July 1, 1915, and mature July 1, 1965. Series "A" bonds are limited to an issue of \$1,000,000, with interest at six per cent. per annum. Subsequent issues are to bear interest at not to exceed six per cent. per annum. Bonds are callable at 103 and accrued interest upon sixty days notice. A redemption fund payable semi-annually in an amount equal to three-fourths of one per cent. of the aggregate par value of all bonds outstanding, is provided for beginning with the year 1920. In general, thirty per cent. of the bondholders may institute proceedings and a majority may direct such proceedings. Bonds will be guaranteed by The Southern Sierras Power Company both as to principal and interest. Applicant states that the reason for issuing bonds in its own name and having the same guaranteed by The Southern Sierras Power Company rather than having its properties financed directly by The Southern Sierras Power Company is its desire to keep its bond issue separate in case it should desire or be required to sell its properties to the municipality of Bishop. Applicant has asked for authority to sell its bonds at ninety per cent. of their face value. At this figure the net interest charge to be paid by Bishop Light and Power Company over a term of fifty years will amount to approximately six and three-fourths (6-3/4) per cent.

A valuation of applicant's physical properties made by the Commission's engineers as of December 31,

1915, is as follows:

Reproduction Cost (historical)	\$34,938.61
Present Value .....	27,932.22

These figures do not include stores and supplies and cash and deposits amounting to \$4,319.48 nor has any allowance been made for intangibles.

In support of its application, Bishop Light and Power Company has submitted an appraisal made by Mr. Halbert P. Gillette of New York showing a present value as of December 31, 1914, of \$40,722. Mr. Gillette's appraisal includes fixed capital, stores and supplies, cash and deposits, unamortized discount on securities and expense (brokerage fees) and development costs. To the total as shown by Mr. Gillette, applicant adds \$893. for property additions from January 1, 1915 to October 31, 1915 from which it arrives at a total present value for its properties as of October 31, 1915, of \$41,615.

As the Commission's engineers and Mr. Gillette are in close accord as to the value of the physical properties and as applicant is now asking to issue only \$4,500. of bonds it does not seem necessary for the Commission at this time to pass finally upon the intangible values which applicant has assigned to its properties.

After a consideration of the evidence submitted by applicant, we are of the opinion that its application is proper and should be granted, subject, however, to the terms of the following Order.

O R D E R

BISHOP LIGHT AND POWER COMPANY having applied to this Commission for authority to execute a mortgage upon its properties and to issue bonds thereunder, as ~~hereinafter~~ set forth in the opinion which precedes this order.

And a public hearing having been held, and it appearing to this Commission that applicant's request is reasonable and should be granted, and that the purposes for which it is proposed to issue said bonds are not reasonably chargeable in whole or in part to operating expenses or to income:

IT IS HEREBY ORDERED AS FOLLOWS:

1. Bishop Light and Power Company, a corporation, is hereby authorized to execute a mortgage or deed of trust upon its properties providing the terms and conditions upon which First Mortgage Bonds are to be issued and the rights and securities of the holders thereof.

2. Bishop Light and Power Company, a corporation, is hereby authorized to issue and sell Four Thousand Five Hundred (\$4,500.) Dollars face value of principal of First Mortgage Bonds of said company, or so much thereof as may be necessary for the purposes hereinafter stated, upon the following conditions and not otherwise, to wit:

(a) Bishop Light and Power Company, a corporation, shall sell said bonds herein authorized to



be issued so as to net the said company not less than ninety (90%) per cent. of the face value of the principal thereof besides interest accrued thereon.

(b) Before issuing any of the bonds herein authorized to be issued applicant shall submit to this Commission its proposed mortgage or deed of trust securing said bond issue and shall obtain a supplemental order approving the same.

(c) The proceeds from the bonds herein authorized to be issued shall be used by applicant for the sole purpose of reimbursing its treasury for the following expenditures made from income, or from other moneys in its treasury not secured or obtained from the issue of stock or stock certificates or bonds, notes or other evidences of indebtedness within five (5) years prior to the first day of November, 1915:

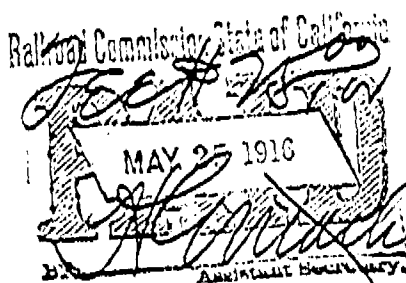
Distributing Lines .....	\$1,402.28
Distributing equipment .....	713.58
Meters .....	817.16
Sub-station buildings and equipment ...	10.90
Office furniture and fixtures .....	67.25
Service street lights .....	244.65
Transformer on West Bishop Line .....	214.34
Meters for flat rate customers .....	53.42
Short Service Connection Last $\frac{1}{4}$ --1913 .	17.83
Short Service Connection 1st " $\frac{1}{4}$ --1914 .	67.38
Short Service Connection 2nd " $\frac{1}{4}$ --1914 .	13.57
Short Service Connection 3rd " $\frac{1}{4}$ --1914 .	186.53
Short Service Connection 4th " $\frac{1}{4}$ --1914 .	103.70
Short Service Connection 1st $\frac{1}{4}$ --1915 .	119.13
Short Service Connection 2nd " $\frac{1}{4}$ --1915 .	301.78
Reconstruction Collins Line .....	2.22
Miscellaneous Expense .....	121.32
Total .....	\$4,457.04

(d) Bishop Light and Power Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the bonds herein authorized to be issued; and on or before the twenty-fifth day of each month the company shall make verified reports to the Commission stating the sale or sales of said bonds during the preceding month, the terms and conditions of the sale, the moneys realized therefrom, and the use and application of such moneys, all in accordance with this Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

(e) The authority herein granted is conditioned upon the payment by applicant of the fee prescribed in the Public Utilities Act.

(f) The authority herein granted shall apply only to such mortgage as shall have been executed and such bonds as shall have been issued on or before March 31, 1917.

Dated at San Francisco, California, this 19th day of May, 1916.



Max Thelen  
H. [unclear]  
James R. [unclear]

Commissioners.