

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application)
of MT. WHITNEY POWER AND ELECTRIC)
COMPANY for an order authorizing) Application No. 287.
an issue of \$250,000.00 of bonds.)

Jesse W. Lilienthal for Mt. Whitney Power
and Electric Company.

LOVELAND, Commissioner.

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O P I N I O N.

Mt. Whitney Power and Electric Company applies for an order of this Commission authorizing it to issue its first mortgage six per cent bonds of the face value of \$250,000.00 to provide funds for the reimbursement of its treasury for money expended from income; for new hydroelectric construction work; and for extensions to its distributing system.

Applicant is engaged in the business of selling electric power in Tulare and Kern counties. It has a present capacity of approximately 10,000 horsepower and is selling practically its entire output. It is engaged in the construction of additional hydroelectric plants on the Kaweah River in Tulare county from which it figures to add approximately 9,500 horsepower to its present supply.

Applicant is unable to state at this time just what portion of the proceeds from the sale of the \$250,000.00 of bonds will be devoted to the various items of contemplated expenditure. It submits the following:-

For reimbursement of income for capital expenditures and presents in connection therewith a detailed statement. \$ 70,000.00.

For new hydroelectric construction including reservoirs, Kaweah Power Plant No. 3, Kaweah Power Plant No. 5, transmission line, roads and appurtenances \$1,145,380.00.

Applicant presents a summary of the expenditures contemplated under this item.

Applicant states that it cannot at this time submit a list of proposed extensions of distributing lines as these extensions are required from time to time in the ordinary course of the development of its business.

Applicant proposes, after reimbursing its treasury in the aforesaid amount of \$70,000.00, to expend the balance, in so far as it may be applied, to the contemplated hydroelectric development in the sum of \$1,145,380.00 and to such extensions in its distributing lines as may be necessary in the conduct of its business.

Applicant has an authorized stock issue of \$5,000,000.00, of which there has been issued \$750,000.00 of 7 per cent cumulative preferred and \$1,875,000.00 common stock. Applicant has an authorized bond issue in the sum of \$5,000,000.00, of which there have been issued bonds to the amount of \$1,575,000.00.

Applicant did not present a complete appraisalment of its properties to date, but produced ample evidence to demonstrate that a wide margin of security exists between the value of its property and its bonded indebtedness. It is clear that the projected development is urgently required by applicant's increasing business and it is equally clear that applicant's financial condition is such as to enable it to bear easily the new obligations imposed by the proposed addition to its bonded indebtedness.

To enable the Commission to make an engineering study of the proposed hydroelectric development and to enable the Commission to pass readily on the work as further applications are made for bond issues, Mt. Whitney Power and Electric Company should file with the Commission an engineering statement in full detail of the construction involved in the project embracing the reservoir on Wolverton Creek, Kaweah Power Plant No. 3, Kaweah Power Plant No. 5, transmission line, roads and appurtenances.

This statement should contain cost items wherever actually incurred and estimates of cost of work to be done.

The bonds hereby applied for are to be issued under applicant's first mortgage dated October 1, 1909 which provides that bonds may be issued up to only eighty per cent of the cost of the construction work and imposes other conditions designed to safeguard the indebtedness.

I recommend that the application be granted and submit herewith the following form of order:-

O R D E R .

Mt. Whitney Power and Electric Company having applied to the Railroad Commission for an order authorizing the issuance by said company of bonds of the amount of \$250,000.00 face value, payable on the 1st day of October, 1939, under the terms and conditions set out in its first mortgage to Bankers Trust Company of New York, dated October 1, 1909, a copy of which is duly on file with this Commission and to which reference is hereby made, said bonds to bear interest at the rate of six per cent per annum; and

A hearing having been held and it appearing that the money to be procured from the sale of said bonds is necessary to and reasonably required by Mt. Whitney Power and Electric Company for the acquisition of property, for the construction, completion, extension and improvement of its facilities and for the reimbursement for money expended from income for the construction, completion, extension and improvement of its facilities; and

It further appearing that said purposes are not in whole or in part reasonably chargeable to operating expenses or income;

IT IS HEREBY ORDERED that Mt. Whitney Power and Electric Company, the applicant herein, be and is authorized to issue \$250,000.00 face value of principal of said bonds, payable on the 1st day of October, 1939, under the terms and conditions set

out in its first mortgage to Bankers Trust Company of New York, dated October 1, 1909, said bonds to bear interest at the rate of six per cent per annum, on the following conditions and not otherwise:-

(1) Mt. Whitney Power and Electric Company is hereby authorized to sell said bonds at not less than ninety-five per cent of their face value and accrued interest thereon.

(2) The proceeds from the sale of said bonds shall be used for the following purposes:-

(a) The reimbursement of applicant for money expended from income within the past five years next preceding the application herein in the sum of \$70,000.00 embracing items as set forth in detail in a certificate filed with this Commission by Mt. Whitney Power and Electric Company, dated November 14 and addressed to Bankers Trust Company of New York.

(b) The construction of the following, in so far as the money may apply:-

The Wolverton Creek reservoir . . .	\$102,820.00
Kaweah Power Plant No. 3.	320,000.00
Kaweah Power Plant No. 5.	522,000.00
Transmission line.	115,000.00

(c) For extensions to applicant's distributing system as required in the ordinary course of the development of its business.

(3) Mt. Whitney Power and Electric Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of the bonds hereby authorized to be issued; and on or before the 25th 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 ac-

cordance with this Commission's General Order No. 24, which order, in so far as applicable, is made a part of this Order.

(4) The authority hereby given to issue such bonds shall apply only to bonds issued by Mt. Whitney Power and Electric Company on or before the 30th day of October, 1913.

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 18th day of November, 1912.

H. D. Donald
Robertson
Edwin O. Edgerston

Commissioners.

Railroad Commission, State of California

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H. C. Hutchison
Assistant Secretary