

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of)
the San Joaquin Light and Power Cor-)
poration for an order authorizing) Application No. 278.
the issue of bonds.)

W. A. Sutherland appearing for applicant.

O P I N I O N

Edgerton, Commissioner.

This is an application by San Joaquin Light and Power Corporation for an order authorizing the issue of \$925,000 face value 40-year 5 per cent first and refunding mortgage gold bonds Series "B", to be issued under the terms of a mortgage and deed of trust executed by applicant to The Trust Company of America, and dated the 1st day of August, 1910.

The financial condition of applicant is as follows:

Capital Stock Authorized:

Preferred	\$10,000,000.00
Common	15,000,000.00

Capital Stock Issued:

Preferred	6,500,000.00
Common	11,000,000.00

Bonds of Applicant:

Authorized	25,000,000.00
Issued	3,331,000.00

Underlying bonds:

Issued:	3,157,000.00
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Outstanding indebtedness on notes	971,590.08
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Applicant is engaged in the business of manufacturing and distributing electricity in the counties of Fresno, Kern, Kings, Madera, Merced and Tulare, and applicant is also engaged in the business of manufacturing and distributing gas in the

City of Selma in Fresno County, in the City of Merced, Merced County, in the City of Bakersfield, Kern County, and in addition applicant owns and operates the Bakersfield Electric Railway Company in the City of Bakersfield, Kern County.

The trust deed above mentioned, provides that before any of the bonds herein applied for may be issued, the net income of the corporation for the period of 12 months ending 2 months before the 1st day of the then current month must be at least twice the sum of the interest upon all outstanding bonds, including those requested to be issued.

It has been shown in this proceeding that applicant is entitled under this clause, to issue at this time \$320,000 face value of bonds and it is alleged that within a period of not to exceed 6 months from this time, applicant will show an earning sufficient to entitle it to issue the balance of the \$925,000 face value of bonds herein asked to be authorized.

Applicant has submitted a physical valuation of its properties which shows a considerable margin between the outstanding bonded and other indebtedness, including the bonds herein asked to be issued and the value of its properties. A checking of said physical valuation by the engineers and accountants of this Commission makes it appear that exclusive of certain doubtful items included in said physical valuation, there is a sufficient margin between the obligations of the company and the valuation of its physical properties to warrant the granting of this application.

The purposes for which the money to be realized from the sale of these bonds are to be put are the payment of obligations incurred by applicant for the purpose of investment in its plant. Hence it is proper that these obligations be capitalized.

Without declaring, therefore, that the physical valuation presented to this Commission by applicant shall be taken as

the true value of its property, I recommend that the application be granted, on condition that at least 87 per cent of face value be obtained for said bonds.

The following form of order is herewith submitted:

ORDER

Application having been made to the Railroad Commission of the State of California by San Joaquin Light and Power Corporation for an order authorizing the issue by said corporation of \$925,000 face value of its first and refunding mortgage gold bonds, Series "B", payable August 1, 1950,

And a hearing having been duly held and it appearing to the Commission that the money to be secured by the issue of said bonds is necessary and reasonably required by said corporation for the discharge of its obligations, and that the purposes for which the proceeds of the sale of said bonds are to be used are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that the Railroad Commission of the State of California does hereby authorize the issue by San Joaquin Light and Power Corporation of \$925,000 face value of first and refunding mortgage gold bonds, in denominations of \$1000 each, bearing interest at the rate of 5 per cent per annum, payable semi-annually on the 1st day of February and the 1st day of August in each year, and dated August 1, 1910, said bonds to be payable August 1, 1950.

Said bonds to be issued under and in pursuance of the terms of a mortgage or deed of trust dated August 1, 1910, executed by San Joaquin Light and Power Corporation to The Trust Company of America, a copy of which mortgage or deed of trust is on file with the application herein, upon the following conditions precedent, not otherwise:

1. \$605,000 face value of the bonds herein authorized

to be issued shall not be issued until applicant shall have submitted to the Commission satisfactory evidence that it has complied with the terms and conditions of the trust deed under which said bonds are to be issued and specifically has complied with the provision in said trust deed relating to the amount of income necessary to be earned by applicant before the issuance of bonds.

2. San Joaquin Light and Power Corporation shall sell the bonds hereby authorized so as to net said corporation not less than 87 per cent of the face value thereof plus accrued interest at the date of their delivery to the purchaser.

3. The proceeds from the sale of said bonds shall be used for the following purposes only.

(a) For the discharge of obligations, or so much thereof as the proceeds of the sale of said bonds will permit, said obligations being specified in paragraph IX of the application herein and totaling \$971,590.08.

4. Said corporation shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of said bonds hereby authorized to be issued and on or before the 25th day of each month said corporation shall make a verified report to the Commission in accordance with the Commission's General Order No. 24, stating the sale or disposition of said bonds during the preceding month, the terms or conditions of such sale or other disposition, the money realized therefrom and the use and application of such moneys.

5. The authority hereby given to issue such bonds shall apply only to bonds issued by said corporation on or before the 1st day of December, 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 26th day of
November, 1912.

H. D. Loveland

Alex. Gordon

Edwin O. Edgerton

Commissioners.

Railroad Commission State of California

\$250.00
DEC 6 1912
W. H. Peterson
BY *W. H. Peterson*
Assistant Secretary

