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ORIGINAL

Decision No. 5255

Decision No. _____

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
 of BISHOP LIGHT & POWER COMPANY,)
 a corporation, and of THE SOUTHERN)
 SIERRAS POWER COMPANY, a corpora-)
 tion, for an order or orders au-)
 thorizing the sale and transfer by)
 the said Bishop Light & Power Com-)
 pany to the said The Southern Sierras)
 Power Company of the property, as-)
 sets and business of the Bishop)
 Light & Power Company, a public utili-)
 ty, operating in and adjacent to)
 the City of Bishop, Inyo County,)
 State of California.)

Application No. 3475.

I. B. Potter, Charles F. Potter and E. B. Criddle,
for applicants.

BY THE COMMISSION.

O P I N I O N

Bishop Light & Power Company in its amended appli-
 cation asks authority to sell to The Southern Sierras Power Company
 for \$64,108.85, all of its property, assets and business. The
 purchasing company joins in the application and asks authority to
 execute a trust indenture wherein and whereby it agrees to assume
 the payment of \$4,500.00 of outstanding bonds of Bishop Light &
 Power Company.

Reference is here made to Exhibit "C" attached to
 the original petition herein for a general description of the
 tangible properties to be transferred.

The properties are to be transferred as of December 31, 1917. To the selling price is to be added the cost of any assets that may be acquired between December 31, 1917 and the date on which the Railroad Commission formally approves the sale of the properties, less such current liabilities as may be incurred within the same period.

A hearing was held on this application before Examiner Encell at Los Angeles on February 21, 1918.

Bishop Light & Power Company was organized on or before April 11, 1902. The company has an authorized capital stock of \$20,000.00 of which \$15,600.00 is outstanding. All of the outstanding stock, except shares necessary to qualify directors is owned by the Nevada-California Electric Corporation.

In the amended petition herein Bishop Light & Power Company reports assets and liabilities as of December 31, 1917 as follows:-

Assets:-

Property	\$37,593.44
Property and Equipment 1/1/13 ..	\$32,294.53
Additions since 12/31/12	5,298.91
Cash on hand and in banks	4,772.04
Notes Receivable	174.72
Due from Nevada-California Power Company	2.94
Accounts Receivable	12,334.54
Consumers and Agents	1,975.90
Miscellaneous	10,358.64
Material and Supplies	6,674.53
Unfinished job orders	21.03
Prepaid Insurance	53.05
Unamortized Discount on Securities and Expense	712.27

Total Assets\$ 62,338.56

Liabilities:

Capital Stock Outstanding	\$15,600.00
First Mortgage 6 Per Cent Gold Bonds Outstanding	4,500.00
Current Liabilities	1,321.96
Vouchers Payable	498.18
Consumers Deposits	223.75
Taxes Accrued	465.03
Accrued interest on first mortgage bonds	135.00

Liabilities Carried Forward....\$21,421.96

Liabilities Brought Forward\$21,421.96

Due to The Southern Sierras Power Company	983.20
Due to the Interstate Telegraph Company	586.70
Reserved for Accrued Depreciation	6,933.44
Reserved for injuries and damages	1,015.00
Corporate surplus	<u>31,398.25</u>

Total Liabilities\$62,338.56

The Southern Sierras Power Company agrees to pay for the properties of Bishop Light & Power Company \$64,108.85. It further agrees to assume the payment of \$4,500.00 of outstanding bonds and \$2,891.86 of current liabilities, leaving a balance of \$56,716.99 of the purchase price to be paid in cash.

The purchase price of \$64,108.85 is composed of the following items:-

Present Depreciated Value of Property, Dec.31,1914 (Exclusive of Cash and Deposits, Materials and Supplies and Development Costs) as shown by H. P. Gillette appraisal	\$30,205.00
Cash advances to December 31, 1917	4,071.00
Development Cost	5,800.00
Materials and Supplies on December 31, 1917 as shown by the books of the Bishop Light & Power Company	6,674.53
Cash and Deposits	4,772.04
Notes Receivable	174.72
Accounts Receivable	11,949.90
Interest and Dividends Receivable	408.61
Prepaid Insurance	<u>53.05</u>
Total	\$64,108.85

It will be noted that the purchase price includes and development cost amounting to \$5,800.00. We do not believe that it is necessary for the Commission in this proceeding to decide what amount, if any, should be allowed for development cost. This application involves neither the issue of securities nor the fixing of rates. Bishop Light & Power Company asks authority to transfer its properties to The Southern Sierras Power Company. Both the vendor and vendee are controlled by the Nevada-California

Electric Corporation. The vendor has agreed to sell and the vendee to purchase the property for \$64,108.85. While the Commission is willing to authorize the transfer of the properties at that price it should be distinctly understood that in so doing the Commission in no way passes either upon the amount or the propriety of a development cost in this case. Moreover while the Commission is willing to authorize the transfer of the properties it does not follow from the authority herein granted that the purchase price is either a proper capital charge or a proper basis upon which to predicate rates.

On May 19, 1916, the Railroad Commission authorized Bishop Light & Power Company to execute a mortgage and deed of trust and issue thereunder \$4,500.00 of 6 per cent bonds, payable July 1, 1965. These bonds have been issued and are now outstanding. As said, attached to the supplemental petition herein is a copy of a proposed trust indenture wherein and whereby The Southern Sierras Power Company agrees to assume the payment of the \$4,500.00 of outstanding Bishop Light & Power Company bonds, to observe all of the terms and conditions of the mortgage or deed of trust securing the payment of said bonds and to at all times keep separable and distinguishable from the properties of The Southern Sierras Power Company the properties of the Bishop Light & Power Company acquired pursuant to the authority herein granted. In a letter of March 20, 1918, Charles F. Potter informs the Commission that it is the intention of The Southern Sierras Power Company, if this application is granted, to retire and pay off the \$4,500.00 of outstanding bonds of Bishop Light & Power Company upon the next interest payment date. The Commission expects the company to do so and to cause the mortgage or deed of trust of Bishop Light & Power Company to be cancelled.

The testimony shows that the rates of the Bishop Light & Power Company are now identical with the rates of The

Southern Sierras Power Company and that therefore the transfer of these properties will necessitate no change in the rate schedules.

The Southern Sierras Power Company proposes to acquire and operate under the franchise now owned by the Bishop Light & Power Company. We believe that the purchasing company should file with the Railroad Commission a copy of the franchise which it will acquire from the selling company, together with a stipulation duly authorized by its Board of Directors in which it agrees, its successors or assigns, will never claim before the Railroad Commission or any other public body a value for said franchise in excess of the amount actually expended by Bishop Light & Power Company in acquiring said franchise and the rights and privileges granted thereby.

O R D E R

BISHOP LIGHT & POWER COMPANY and THE SOUTHERN SIERRAS POWER COMPANY having applied to the Railroad Commission for an order authorizing the sale and transfer of properties referred to in the foregoing Opinion, a hearing having been held, and the Commission being of the opinion that this application should be granted;

IT IS HEREBY ORDERED that Bishop Light & Power Company be, and it is hereby, granted authority to sell to The Southern Sierras Power Company for the consideration which is specified in the opinion which precedes this order, all property of whatever character owned or controlled by said Bishop Light & Power Company.

IT IS HEREBY FURTHER ORDERED that The Southern Sierras Power Company be, and it is hereby, granted authority to execute a trust indenture substantially in the same form as the trust

indenture attached to the supplemental petition herein, filed on March 13, 1918.

The authority herein granted is upon the following conditions and not otherwise:-

1.-Before the authority herein granted to transfer the properties shall have become effective The Southern Sierras Power Company shall file with the Railroad Commission a stipulation duly authorized by its Board of Directors in which stipulation The Southern Sierras Power Company agrees that neither it, its successors or assigns, will ever claim before the Railroad Commission or other public body a value for the franchise to be acquired from the Bishop Light & Power Company pursuant to the authority herein granted, in excess of the amount actually paid to the County of Inyo, as a consideration for the grant of such franchise, which amount shall be set forth in the stipulation, and shall have obtained from the Railroad Commission a supplemental order declaring that such stipulation in form satisfactory has been filed with the Railroad Commission.

2.-The authority herein granted shall not become effective until the Railroad Commission has approved the bookkeeping entries relative to the transfer of the properties herein authorized to be sold.

3.-The Southern Sierras Power Company shall file with the Railroad Commission a copy of the franchise acquired from the Bishop Light & Power Company.

4.-The price at which The Southern Sierras Power Company is herein authorized to acquire the properties of the Bishop Light & Power Company, shall never be urged upon the Railroad Commission or other public body as a measure of value on which to base rates, issue securities or for any other purpose.

5.-Within thirty days after the transfer of the properties herein authorized The Southern Sierras Power Company shall file a verified copy of the deed of conveyance.

6.-The authority herein granted shall apply only to such property as shall be transferred on or before September 1, 1918.

Dated at San Francisco, California, this 29th day of March, 1918.

Max Thelen

Alfred G. Gordon

Edwin O. Egey

Frank R. Decker

Commissioners.