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ORIGINAL

Decision No. 6398

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
SIERRA AND SAN FRANCISCO POWER COMPANY )  
for authorization to issue and sell )  
its promissory notes of the face value )  
of \$150,000.00 and to pledge its first )  
mortgage bonds to secure said notes. )

Application No. 4641.

Chickering & Gregory, by W. C. Fox, for applicant.

BY THE COMMISSION.

OPINION

Sierra and San Francisco Power Company asks permission to issue \$150,000.00 face value of one year notes and secure the payment of the notes by depositing \$200,000.00 face value of its first mortgage 5 per cent 40-year bonds, payable August 1, 1949.

By Decision Number 5376, dated May 2, 1918 (Vol. 15, Opinions and Orders of the Railroad Commission of California, page 662), as amended, the Railroad Commission authorized Sierra and San Francisco Power Company to issue and sell on or before December 31, 1919, at not less than 80 and accrued interest, \$1,000,000. of its 5 per cent first mortgage bonds. The record herein shows that the company has been unable to sell any of its bonds. Recently United Railways Investment Company has offered to purchase \$150,000.00 of applicant's one year notes for the sum of \$140,000.00. The notes

are to bear interest at the rate of 7 per cent per annum after maturity. The payment of the notes is to be secured by the deposit of \$200,000.00 of applicant's first mortgage 5 per cent bonds, the issue of which was authorized by Decision Number 5376. Under the provisions of the Public Utilities Act, the \$150,000.00 of one year notes may be issued without an Order from the Railroad Commission.

At the hearing held before Examiner Encell on June 7, H. F. Jackson, President of Sierra and San Francisco Power Company, testified that the company intends to proceed at once with the construction of a third penstock at its Stanislaus power plant. He estimates the cost of the additional penstock at \$125,000.00 and believes that the work can be completed within 6 months. The installation of a third penstock, he reports will increase the plant output from 10,000,000 to 12,000,000 kilowatt hours per annum. The difference between the moneys realized from the sale of the notes and the cost of the penstock, applicant intends to use to pay for the construction of extensions, additions and betterments to its plant and system.

#### O R D E R

SIERRA AND SAN FRANCISCO POWER COMPANY having applied to the Railroad Commission for authority to issue \$150,000.00 face value of one year notes and pledge \$200,000.00 of its first mortgage bonds, a public hearing having been held, and it appearing to the Railroad Commission that the notes may be issued without an Order from the Commission, that the money, property or labor to be procured or paid for by the issue and pledging of the \$200,000.00 of bonds is reasonably required for the purpose or purposes specified in the Order and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that Sierra and San Francisco Power Company be, and it is hereby, granted authority to issue and pledge \$200,000.00 face value of its first mortgage 40-year gold bonds, payable August 1, 1949 for the purpose of securing the payment of the notes referred to in the petition herein.

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

1.-The \$200,000.00 of bonds herein authorized to be pledged shall be considered to be a part of the \$1,000,000.00 of bonds, the issue of which the Commission authorized by Decision Number 5376, dated May 2, 1918.

2.-The moneys obtained through the pledging of the \$200,000.00 of bonds shall be expended by applicant to pay for the installation of an additional penstock at its Stanislaus power plant and to pay for the construction of extensions, additions and betterments to its plant and system.

3.-Upon the payment of a part or all of the notes referred to in the petition herein, a proportional part or all of the bonds pledged as collateral shall be returned to applicant's treasury and thereafter issued only for such purposes as the Railroad Commission may authorize.

4.-Sierra and San Francisco Power Company shall keep such record of the issue of the bonds as will enable it to file on or before the twenty-fifth 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.

5.-The authority herein granted shall not become effective until applicant has paid the fee prescribed by the Public Utilities Act.

6.-The authority herein granted shall apply only to such bonds as may be issued on or before December 31, 1919.

Dated at San Francisco, California, this 10<sup>th</sup> day of June, 1919.

Edwin O. Edgerton

Frank R. Doherty

H. A. Brundage

Commissioners.

Office of the State Engineer  
San Francisco, California  
JUN 11 1919  
H. Matheson  
Assistant Secretary