

Decision No. 6852.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF
THE STATE OF CALIFORNIA.

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In the Matter of the Application of)
THE SOUTHERN SIERRAS POWER COMPANY)
for an order authorizing it to issue)
and sell its first and refunding)
mortgage bonds under the terms of)
its First and Refunding Mortgage,)
dated January 1, 1915, to Los Angeles)
Trust & Savings Bank of California and)
The International Trust Company of)
Denver, Colorado, trustees.)

Application
Number
4747

Charles F. Potter, for applicant.

EDGERTON, Commissioner.

O P I N I O N.

In this application, as amended, The Southern Sierras Power Company asks permission to issue \$415,291.68 face value of its first and refunding mortgage bonds.

Applicant reports that pursuant to the authority granted in Decisions Number 5242, 5254, 5255 and 5267, it acquired the properties and assumed the liabilities of Rialto Light, Power and Water Company, Corona Gas and Electric Light Company, Bishop Light and Power Company and Coachella Valley Ice and Electric Company. The actual and reasonable value of the properties is reported by applicant at \$788,578.45. There are however \$300,000.00 of Coachella Valley Ice and Electric Company bonds outstanding, the payment of which has been assumed by applicant and which bonds are a lien on the properties acquired from the Coachella Valley Ice and Electric Company. Deducting

the \$300,000.00 from the \$788,578.45 leaves a net value of \$488,578.45. It is against this net value that applicant desires to issue the \$415,291.68 face value of bonds.

Applicant reports that to acquire the properties, it has expended from its income and treasury the sum of \$488,578.45. It seems that at least part of this money was obtained from the Nevada-California Electric Corporation, which owns practically all of applicant's outstanding stock. Applicant pays at this time 8 per cent interest on the moneys which it owes the Nevada-California Electric Corporation. It appears from the statement by counsel that the proceeds from the sale of the bonds herein authorized will be used to liquidate in part applicant's indebtedness to the Nevada-California Electric Corporation and that such liquidation will result in a reduction in the interest rate.

I herewith submit the following form of Order:

O R D E R.

THE SOUTHERN SIERRAS POWER COMPANY having applied to the Railroad Commission for permission to issue bonds, a public hearing having been held and the Commission being of the opinion that the moneys, property or labor to be procured or paid for by such issue 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;

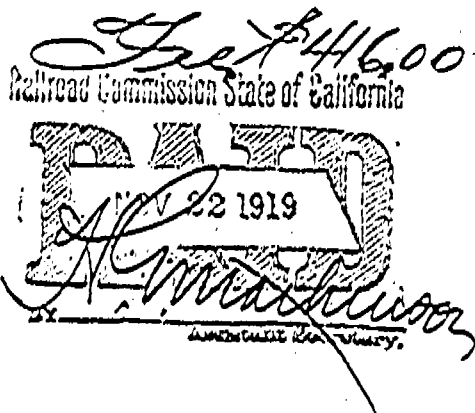
IT IS HEREBY ORDERED that THE SOUTHERN SIERRAS POWER COMPANY be, and it is hereby, authorized to issue for the purpose of reimbursing its treasury because of the expenditures referred to in the petition herein, \$415,291.68 face value of its first and refunding mortgage 6 per cent bonds due January 1, 1965.

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

- 1.-- The bonds herein authorized to be issued shall be sold by applicant for not less than 85 per cent of their face value plus accrued interest and the proceeds used by applicant to liquidate in part its indebtedness due the Nevada-California Electric Corporation.
- 2.-- The Southern Sierras Power Company shall keep such record of the issue and sale of the bonds herein authorized and of the disposition of the proceeds as will enable 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.
- 3.-- The authority herein granted will not become effective until applicant has paid the fee prescribed by the Public Utilities Act.
- 4.-- The authority herein granted will apply only to such bonds as may be issued on or before March 1, 1920.

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 19th day of November, 1919.



Ewing O. Edgerton

H. J. ...

Commissioners.