

Decision No. 7055

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the Matter of the Application of)
 NORTHERN CALIFORNIA POWER COMPANY,)
 CONSOLIDATED, A corporation, and)
 PACIFIC GAS AND ELECTRIC COMPANY,)
 A corporation, for an order of the)
 Railroad Commission of the State of)
 California, authorizing said companies)
 to issue Refunding and Consolidating) Application No. 5246
 Five per cent Sinking Fund Forty Year)
 Gold Bonds of the Northern California)
 Power Company, Consolidated, in the)
 aggregate face amount of \$871,000. and)
 to use said bonds and the proceeds from)
 the sale thereof for the purposes set)
 forth in this application.)

Wm. B. Bosley and C.P. Cutten, for Applicants

DEVLEN, Commissioner.

O P I N I O N

PACIFIC GAS AND ELECTRIC COMPANY AND NORTHERN CALIFORNIA POWER COMPANY, CONSOLIDATED, in this application as amended at the hearing, ask the Railroad Commission to make an order authorizing the issue of refunding and consolidating mortgage 5% sinking fund 40-year gold bonds of Northern California Power Company, Consolidated, to refund Series "A" 6% debentures of Northern California Power Company, Consolidated, due February 1, 1920 and comply with mortgage and deed of trust executed by said company.

The record shows that pursuant to the authority granted in Decision Number 6681, dated September 23, 1919, and other decisions in Application Number 4789, Northern California Power Company, Consolidated, on October 3, 1919, executed a deed of conveyance by which it granted, sold, assigned and transferred to the Pacific Gas and Electric Company, its successors and assigns forever all of its properties in accordance with the agreements filed in said Application Number 4789.

Pacific Gas and Electric Company purchased the properties of Northern California Power Company, Consolidated, subject to all indebtedness. The payment of the indebtedness has been assumed by Pacific Gas and Electric Company. Of the indebtedness so assumed, \$375,200.00 is represented by Series "A" 6 per cent debentures of Northern California Power Company, Consolidated, due February 1, 1920. The debentures were issued under an agreement dated February 1, 1912, which was modified by an agreement of May 3, 1915, -the latter agreement extending the maturity of the debentures from February 1, 1915 to February 1, 1920. Under the modified agreement, Northern California Power Company, Consolidated, has the option to pay the debentures in cash or in refunding and consolidating mortgage bonds, such bonds to be taken by the holders of the debentures at 85 per cent of their face value plus accrued interest at the date of delivery. Applicants have concluded to pay the debentures through the issue of bonds and for this purpose would issue approximately \$442,000 of bonds.

Article XV of the mortgage and deed of trust executed by Northern California Power Company, Consolidated, requires the company to pay to the trustee as and for a sinking fund to be especially applied to the redemption of bonds issued under said mortgage and deed of trust, a sum of money equal to 1 per cent of the total amount of said bonds then issued and outstanding on the first day of December in each year during the period beginning on the first day of December, A.D., 1913, and ending on the first day of December, A.D., 1948. Referring to sinking fund payments because of bonds issued after December, 1, 1913, Article XV reads in part as follows:

"If any of said bonds shall be issued at any time after the first day of December, A.D. 1913, then the Consolidated Company for the purposes of said sinking fund, shall at the time of such issue, pay to the Trustee such sum of money or deliver to the Trustee so many of said bonds authorized to be issued hereunder, about to be issued or already theretofore issued, or so many of said underlying bonds already theretofore issued under any deed of trust or mortgage of any of said prior lien mortgages of said constituent companies, at par and accrued interest, as will be equivalent

"to the aggregate of all sums of money which would theretofore have been paid to said Trustee for the purposes of such sinking fund in respect of said bonds issuable hereunder if they had been issued before the first day of December, A.D. 1913."

Applicants ask that Northern California Power Company, Consolidated be permitted to issue a sufficient amount of bonds, approximately \$30,940, and deliver such bonds to the trustee to comply with the sinking fund provision, to which reference has been made.

Applicants report that Northern California Power Company, Consolidated, since the execution of its refunding and consolidating mortgage expended \$2,627,437.81 for betterments and extensions and that no part of the moneys expended for such purposes were obtained through the issue of stock, bonds, or other evidences of indebtedness. The issue of part of the bonds applied for in this application is for the purpose of reimbursing the treasury of Northern California Power Company, Consolidated. After such reimbursement, part of the bonds will be delivered to the trustee for sinking fund purposes and part used to refund outstanding debentures. The relatively small amount of the bonds applied for, as compared with the total expenditures, makes it unnecessary at this time to make a detailed check of the expenditures. Such check is further obviated by the statement of counsel that any order which the Commission may make in this proceeding would not be interpreted by the company as foreclosing the Commission to hereafter determine what amount of stocks and bonds Pacific Gas and Electric Company may issue for the purpose of securing funds with which to pay for the stock of Northern California Power Company, Consolidated.

I herewith submit the following form of Order.

O R D E R.

PACIFIC GAS AND ELECTRIC COMPANY and NORTHERN CALIFORNIA POWER COMPANY, CONSOLIDATED, having applied to the Railroad Commission for permission to issue bonds of Northern California Power Company, Consolidated, a public hearing having been held and the Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes specified in this 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 PACIFIC GAS AND ELECTRIC COMPANY and NORTHERN CALIFORNIA POWER COMPANY, CONSOLIDATED, be, and they are hereby, authorized to issue approximately \$473,000.00 of refunding and consolidating mortgage 5 per cent sinking fund 40-year gold bonds of Northern California Power Company, Consolidated.

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

- 1.-- The bonds herein authorized shall be issued for the purpose of reimbursing the treasury of Northern California Power Company, Consolidated, and refunding Series "A" debentures of Northern California Power Company, Consolidated, due February 1, 1920, -it being understood that any bonds issued for the purpose of reimbursing the treasury of Northern California Power Company, Consolidated, and not necessary to refund the debentures will be delivered to the trustee under the mortgage and deed of trust executed by Northern California Power Company, Consolidated, to meet sinking funds payments provided for therein.
- 2.-- The bonds herein authorized to be issued shall be sold for not less than 85 per cent of their face value plus accrued interest.
- 3.-- Pacific Gas and Electric Company and Northern California Power

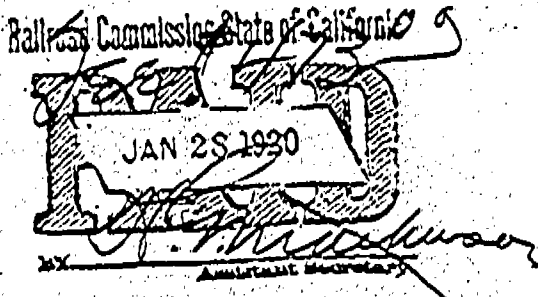
Company, Consolidated shall keep such record of the issue and sale of the bonds herein authorized and of the disposition of the proceeds as will enable them to file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4.-- The authority herein granted to issue bonds will not become effective until applicants have paid the fee prescribed in the Public Utilities Act.

5.-- The authority herein granted will apply only to such bonds as may be issued on or before June 30, 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 26th day of January, 1920.



Edwin O. Edgerly
H. D. Loveland
Frank P. Johnson
H. B. Anderson

Commissioners.