

IM

Decision No. 7718

ORIGINAL

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
MT. WHITNEY POWER AND ELECTRIC COMPANY)
for authority to sell and convey to)
Southern California Edison Company,)
and of SOUTHERN CALIFORNIA EDISON)
COMPANY to purchase from Mt. Whitney)
Power and Electric Company, the busi-)
ness, franchises and property of said)
Mt. Whitney Power and Electric Com-)
pany.)

Application No. 5537.

Roy V. Reppy, for Applicants.

BRUNDIGE, Commissioner.

O P I N I O N.

MT. WHITNEY POWER AND ELECTRIC COMPANY, hereinafter referred to as the Mt. Whitney Company, asks permission to sell all of its properties, more particularly described in applicants' Exhibit No. 1, to Southern California Edison Company, hereinafter referred to as The Edison Company.

The Edison Company joins in the application and asks permission to acquire the properties, and assume all the debts and liabilities of the Mt. Whitney Company.

In Exhibit No. 2 applicants report the value of the assets to be acquired and the liabilities to be assumed by the Edison Company as of April 30, 1920, as follows:-

ASSETS TO BE ACQUIRED:

Plant		\$6,655,494.06
Tangible	\$6,645,548.36	
Intangible	9,945.70	
Sinking and other Special Funds		558.50
Cash and Current Assets		405,503.41
Deferred Assets		27,112.78
TOTAL		<u>\$7,088,668.75</u>

LIABILITIES TO BE ASSUMED:

Bonds	\$3,433,000.00
Notes	289,000.00
Current Liabilities	207,169.68

TOTAL LIABILITIES \$3,929,169.68

EXCESS OF ASSETS OVER LIABILITIES \$3,159,499.07

The testimony shows that the item of \$6,655,494.06 is made up of the following items:-

Commission's finding of investment, exclusive of Working Cash Capital and Materials and Supplies as of Dec. 31, 1919 in Decision No. 7304 dated March 23, 1920	\$5,979,141.21
<u>LESS</u> Organization	<u>51,127.00</u>
	\$5,928,014.21
Additions and Betterments Dec. 31, 1919 to April 30, 1920	\$ 156,249.84
Construction work in progress	412,871.92
Fixed Capital in other departments	31,914.10
Wolverton Dam	100,833.21
Kaweah No. 5	25,289.19
Kaweah No. 6	321.59
TOTAL	<u>\$6,655,494.06</u>

Mt. Whitney Power and Electric Company reports \$2,825,000. of stock, divided into \$2,625,000. of common and \$200,000. of 7% preferred, outstanding. All of the preferred stock is owned by the Edison Company and all of the common stock, except shares necessary to qualify directors, is owned by the Mt. Whitney Power and Electric Corporation. The testimony shows that the Edison Company owns all of the outstanding stock of Mt. Whitney Power and Electric Corporation.

The Edison Company thus in effect has complete control of the Mt. Whitney Company. To acquire this control it expended, according to the record herein, \$1,717,101.88.

Applicants' Exhibit No. 4 shows that in addition to expending \$1,717,101.88 to secure control of the Mt. Whitney Company, the Edison Company has advanced from time to time to the Mt. Whitney Company, the sum of \$1,421,544.67, making a total investment of \$3,138,446.55.

The Edison Company will acquire from the Mt. Whitney Company the franchises under which that company is now operating, as well as the franchises which the Mt. Whitney Company acquired from the Tulare County Power Company, pursuant to the authority granted by the Commission in Decision No. 2951 dated December 2, 1915. The Edison Company does not at this time intend to operate under any of the franchises formerly owned by the Tulare County Power Company, and is acquiring those franchises subject to the conditions of the Commission's decision, to which reference has been made.

The record shows that the transfer of the properties should result in improved service and aid the financing of improvements, both on the Edison Company's and Mt. Whitney Company's systems.

I herewith submit the following form of order:-

O R D E R

MT. WHITNEY POWER AND ELECTRIC COMPANY, having asked permission to sell and transfer all of its properties to the Southern California Edison Company, and Southern California Edison Company, having asked permission to purchase said properties, a public hearing having been held and the Railroad Commission being of the opinion that this application should be granted as herein provided;

IT IS HEREBY ORDERED that Mt. Whitney Power and Electric Company be, and it is hereby, authorized to sell and transfer to Southern California Edison Company, all of its properties more particularly described in applicants' Exhibit No. 1, subject to existing indebtedness and liabilities, and Southern California Edison Company to purchase said properties and assume the payment of said indebtedness and liabilities.

The authority herein granted is subject to the following conditions:-

1. The properties of the Mt. Whitney Power and Electric Company shall be sold and transferred to the Southern California Edison Company, subject to the terms and conditions set forth in this application.
2. The price at which the properties of Mt. Whitney Power and Electric Company are transferred to Southern California Edison Company shall not be binding upon this Commission or any other public body as representing the value of said properties for rate making or any purpose other than the transfer herein authorized.
3. Within sixty days from the date of this order, Southern California Edison Company shall file with this Commission a stipulation to the effect that it does not, and never will, claim in any proceeding before this Commission, or any other public body, a value for the franchises acquired by it from Mt. Whitney Power and Electric Company in excess of the amount paid to the grantors of the various franchises, as the consideration for the grant of such franchises,

which amount shall be set forth in the stipulation.

4. Within thirty days after the transfer of the properties herein authorized, Southern California Edison Company shall advise the Commission of the exact date of the transfer and file with the Commission a verified copy of the deed under which it obtains title to the properties.

5. The authority herein granted will apply only to such transfer of property as shall take place on or before September 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 14th day of June, 1920.

Edwin C. Egan
H. J. Loveland
H. A. Brundage

Commissioners.