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Decision No. 8344.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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Fee ?

In the Matter of the Application of)  
THE SOUTHERN SIERRAS POWER COMPANY, )  
an electrical corporation, for an )  
order authorizing the issue and )  
sale of \$1,040,478.55 par value, )  
first and refunding mortgage gold )  
bonds. )

Application No. 6282.

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Charles F. Potter for applicant.

LOVELAND, Commissioner.

O P I N I O N.

THE SOUTHERN SIERRAS POWER COMPANY asks permission to issue at not less than 85 per cent of their face value plus accrued interest \$1,040,478.55 of its first and refunding mortgage 6 per cent bonds, due January 1, 1965, for the purposes hereinafter indicated.

In Exhibit "B" attached to the petition, as amended at the hearing, applicant reports that from December 31, 1918 to August 31, 1920, it expended for plant extensions, additions and betterments the sum of \$1,224,092.41. Included in the \$1,224,092.41 is the sum of \$410,493.34 reported to have been expended on construction work in progress on August 31, 1920. The testimony of P.R. Ferguson, applicant's assistant secretary and auditor, shows that the \$410,493.34 covers only money expended on construction work which the company is actively engaged in carrying through to completion and that some of the work in process of construction on August 31, 1920, has already been completed. The

\$1,041,052.52 of bonds which applicant asks permission to issue represents 85 per cent of the net cost of the plant extensions, additions and betterments reported in Exhibit "B".

Applicant reports that the bonds which it asks permission to issue will be acquired by The Nevada-California Electric Corporation at 85 plus accrued interest, and that the proceeds obtained from the sale of such bonds will be used to pay indebtedness due the purchasing company. On September 30, 1920, applicant was indebted to The Nevada-California Electric Corporation in the amount of \$930,066.73, consisting of \$873,100. principal and \$56,966.73 accrued interest. The testimony shows that applicant has invested in plant surplus earnings in excess of \$56,966.73. Because of such investment, applicant may be permitted to use the proceeds from the bonds to pay its indebtedness, including both principal and interest, due The Nevada-California Electric Corporation.

In Exhibit "A" attached to the petition herein, applicant reports as of September 30, 1920, \$5,054,500. of bonds outstanding. Applicant's bonded indebtedness consists of \$2,565,500. of first mortgage 6 per cent bonds and \$2,189,000. of first and refunding 6 per cent bonds issued by applicant, and \$300,000 of first mortgage 6 per cent bonds of the Coachella Valley Ice and Electric Company, the payment of which has been assumed by applicant.

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 \$1,040,478.55 of bonds, a public hearing having been held and the Railroad 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 THE SOUTHERN SIERRAS POWER COMPANY be, and it is hereby, authorized to issue \$1,040,478.55 of its first and refunding 6 per cent bonds, due January 1, 1965, for the purpose of financing in part the cost of plant extensions, additions and betterments, set forth in Exhibit "B", as amended at the hearing.

The authority herein granted is subject to the following conditions:

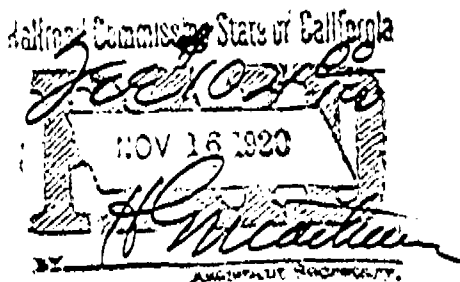
- 1.--- The bonds herein authorized to be issued shall be sold by applicant for not less than 85 per cent of their face value plus accrued interest and all of the proceeds realized from the sale of the bonds used to pay indebtedness due The Nevada-California Electric Corporation.
- 2.--- The Southern 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 it 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.

3.--The authority herein granted will not become effective until applicant has paid the fee prescribed in the Public Utilities Act.

4.--The authority herein granted will apply only to such bonds as may be issued, sold and delivered on or before December 31, 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 15<sup>th</sup> day of November, 1920.



H. W. McCracken

H. W. McCracken

Dwight Martin  
Commissioners.