

IM

Decision No. 8364

ORIGINAL

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA.

In the Matter of the Application)
of GREAT WESTERN POWER COMPANY)
of CALIFORNIA for an order auth-)
orizing the sale of \$1,500,000.) Application No. 6238.
of General Mortgage Bonds and the)
Hypothecation of \$1,500,000. of)
First and Refunding Bonds.)

Chaffee E. Hall, for Applicant.

EDGERTON, COMMISSIONER.

O P I N I O N.

GREAT WESTERN POWER COMPANY OF CALIFORNIA asks permission to issue and sell at 94% of their face value, plus accrued interest, \$1,500,000. of its general mortgage convertible 8% gold bonds.

In Decision No. 7984, dated August 17, 1920, the Railroad Commission authorized applicant to issue and sell \$3,500,000. of its general mortgage convertible 8% gold bonds at 93% of their face value plus accrued interest, provided that the money be used to pay in part for the completion of its Caribou development and the construction of its new transmission line.

Applicant asks permission to use the proceeds from the sale of the bonds covered in this application to reimburse its treasury and to pay for the construction of plant extensions, additions and betterments. Applicant reports that from June 1, 1919 to

August 31, 1920 it expended for plant extensions, additions and betterments the sum of \$969,927.38. A summary of these expenditures is attached to the petition and marked Exhibit "A". The expenditures have been incurred in the following districts:-

A. <u>DISTRIBUTION SYSTEM</u>	
San Francisco	\$156,074.03
San Mateo	13,527.73
Petaluma	42,296.60
Santa Rosa	9,562.27
Napa	29,745.70
Oakland	255,305.08
Rio Vista	76,603.79
Sacramento	85,231.22
Big Meadows	<u>104,548.65</u>
TOTAL DISTRIBUTION	\$752,895.07
B. <u>ADDITIONS AND IMPROVEMENTS TO TRANSMISSION SYSTEM</u>	
	59,889.77
C. <u>ADDITIONS AND IMPROVEMENTS TO PRODUCTION SYSTEM</u>	
	534.95
D. <u>ADDITIONS AND IMPROVEMENTS FOR GENERAL UTILITY PURPOSES</u>	
	25,807.90
E. <u>COST OF LANDS ACQUIRED APPURTENANT TO HYDROELECTRIC DEVELOPMENT</u>	
	<u>130,799.69</u>
	<u>\$969,927.38</u>

Applicant in Exhibit "B" estimates that its expenditures on account of the construction of necessary extensions, additions and betterments for the year ending August 31, 1921 will amount to \$1,027,000. This estimate does not cover any part of the cost of the new transmission line or of the Caribou Development.

Mr. Mortimer Fleishhacker, President of the Great Western Power Company of California, testified that if this application is granted and the bonds sold, all of the proceeds will be invested in plant, and that while the company asks permission to reimburse its treasury through the sale of its bonds to the extent of \$969,927.38, that the moneys used for such reimbursement will be expended for the construction of extensions, additions and betterments set forth in Exhibit "B". Any proceeds from the sale of bonds not necessary to pay for the construction of said extensions, additions and betterments will be expended only for such purposes

as the Railroad Commission may hereafter authorize.

Applicant also asks permission, when a proper showing is made, to pledge \$1,500,000. of its Series "B" first and refunding mortgage sinking fund gold bonds under the mortgage securing the 8% general mortgage bonds which it now seeks authority to issue. No satisfactory showing has been made in this proceeding, that applicant has complied with the terms and conditions of its first and refunding mortgage governing the authentication and issue of bonds under such mortgage. Therefore, that portion of this application relating to the issue of Series "B" first and refunding bonds will be dismissed without prejudice.

I herewith submit the following form of order:-

ORDER

GREAT WESTERN POWER COMPANY OF CALIFORNIA, having applied to the Railroad Commission, to issue and sell \$1,500,000. of its general mortgage convertible 8% gold bonds, and when a proper showing is made, to issue and deposit as collateral \$1,500,000. of Series "B" first and refunding bonds, 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 the issue of applicant's general mortgage convertible 8% gold bonds, is reasonably required for the purpose or purposes specified in this order, and that the expenditure^s 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 GREAT WESTERN POWER COMPANY OF CALIFORNIA be and it is hereby authorized, to issue \$1,500,000. of its general mortgage convertible 8% gold bonds;

IT IS HEREBY FURTHER ORDERED that the above entitled application, in so far as it relates to the issue of Series "B" first and refunding mortgage sinking fund gold bonds be, and it is hereby, dismissed without prejudice, for the reasons set forth in the foregoing opinion.

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

1. The \$1,500,000. of general mortgage convertible 8% gold bonds herein authorized to be issued, shall be sold by applicant for cash, at not less than 94% of their face value, plus accrued interest.
2. Of the proceeds obtained from the sale of said bonds, \$969,927.38 may be used by applicant to reimburse its treasury on account of the expenditures set forth in Exhibit "A", provided that all of said expenditures are properly chargeable to capital account, in accordance with the Uniform System of Accounts prescribed by the Railroad Commission for Electric Corporations; and provided further, after the reimbursement of applicant's treasury, the \$969,927.38 be used to pay in part for plant extensions, additions and betterments set forth in Exhibit "B".
3. So much of the remainder of the proceeds as is necessary may be used by applicant to pay the cost of constructing the plant extensions, additions and betterments set forth in Exhibit "B". Any moneys remaining after the construction of the plant extensions, additions and betterments set forth in Exhibit "B" shall be expended only for such purposes as the Railroad Commission may authorize.
4. Great Western Power Company of California 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.

The company shall include in such reports, statements showing the purposes for which it expended the amount of money it is herein authorized to reimburse its treasury, as well as all other moneys obtained from the sale of the bonds.

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

6. The authority herein granted will apply only to such bonds as may be issued and sold on or before April 30, 1921.

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 November, 1920.

Edwin O. Egerton
H. J. Hayward
Wm. B. Deven
H. A. Boudreau
Dwight Martin
Commissioners.

