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ORIGINAL

Decision No. 8729.

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 authorizing the execution of)
a mortgage to secure an issue of)
\$5,000,000.00 of General Lien Bonds, the)
sale of \$2,500,000.00 of said General Lien)
Bonds and the hypothecation of \$2,500,000.)
of First and Refunding Bonds.)

Application
Number
6526

Chaffee E. Hall for applicant.

DEVLIN, Commissioner.

O P I N I O N.

GREAT WESTERN POWER COMPANY OF CALIFORNIA asks permission to execute a mortgage upon all of its properties to secure the payment of an authorized issue of \$5,000,000.00 face amount of general lien convertible 8 per cent bonds, dated February 1, 1921, due ~~February~~ ^{February} ~~March~~ 1, 1936; to issue and sell \$2,500,000.00 of said bonds at 94 and accrued interest, and to issue and pledge, upon a proper showing being made, Series "B" 7 per cent first and refunding mortgage sinking fund bonds in an amount equivalent to the issued general lien bonds as additional security for the payment of the general lien bonds. The company also asks permission to exchange the first and refunding mortgage bonds so pledged for general lien bonds when the latter are called for redemption on the basis of 105 and accrued interest for general lien bonds at par and accrued interest. If any such change is effected, applicant will pay the premium in cash.

H.M.

The Commission is also asked to authorize and approve the agreement between applicant and E.H. Rollins and Sons covering the sale of \$2,500,000.00 of general lien bonds. The agreement contains some provisions which are to be incorporated in the new mortgage or trust deed and recites that the trust deed shall contain the usual terms and provisions satisfactory to E.H. Rollins and Sons. No complete copy of the mortgage or trust deed has been filed with the Commission. It should be evident that the Commission cannot authorize the execution of a mortgage or trust deed by being furnished only with some of the provisions of such mortgage or trust deed. It should be said in this connection that applicant does not ask the Commission for an order at this time authorizing the execution of its proposed mortgage or trust deed, but it does ask the Commission to authorize an agreement which contains a provision that such mortgage or trust deed shall be satisfactory to E.H. Rollins and Sons. For the reason that applicant has not submitted a complete copy of its proposed mortgage or trust deed, the Commission will not at this time authorize or approve the agreement between applicant and E.H. Rollins and Sons in all its particulars. It will authorize or approve such agreement only to the extent that affirmative action is herein taken authorizing the issue and sale of \$2,500,000.00 of 8 per cent general lien mortgage bonds dated ^{February} ~~May~~ 1, 1921 due February 1, 1936, at 94 and accrued interest.

For the reason that applicant has made no showing on which an order authorizing the issue and deposit of Series "B" first and refunding bonds might be based, the Commission will not at this time authorize the issue and deposit of said Series "B" first and refunding mortgage bonds. The issue and deposit of such bonds may be brought to the attention of the Commission in some subsequent proceeding.

Applicant is engaged in constructing a new hydroelectric plant (Caribou development) on the north fork of the Feather River, and in building a second transmission line. Exhibits filed in this proceeding show that applicant estimates the cost of the plant at \$12,828,420.00 and estimates the cost of the transmission line at \$2,646,900.00, making a total of \$15,475,320.00. According to applicant's report, there has been expended on the plant or there have been commitments incurred on account of constructing the plant, up to January 1, 1921, the sum of \$10,191,493.18, while the expenditures on the transmission line up to January 1, 1921, are reported at \$2,214,498.11, making a total of \$12,405,991.29. There is being installed in the plant equipment having a generating capacity of 40,000 kilo watts. One unit having a generating capacity of 20,000 kilo watts is expected to be in operation on April 15th, the other unit of similar capacity by July 15th.

For the years ending December 31, 1919 and December 31, 1920, applicant reports operating revenues, expenses and other accruals and disbursements as follows:-

I t e m	1 9 2 0	1 9 1 9
Operating Revenues,.....	\$ 5,865,702.98	\$ 5,055,755.00
Operating Expenses,.....	2,966,076.82	2,471,128.00
Net Operating Revenues,.....	2,899,626.16	2,584,627.00
Miscellaneous Rent Revenues,.....	38,025.00	--
Interest and Dividend Revenue,.....	641,032.75	--
Gross Corporate Income,.....	3,578,683.91	2,584,627.00
<u>Deduct:--</u>		
Uncollectible Bills,.....	15,000.00	9,000.00
Rent Expenses,.....	22,921.02	22,667.00
Non-Operating Taxes,.....	3,645.37	--
Interest on Funded Debt,.....	1,901,197.06	1,658,395.36
Other Interest,.....	97,048.07	21,582.21
Rent Deductions,.....	270,563.43	--
Amortization of Debt Discount,.....	109,150.29	15,000.00
Total Deductions,.....	\$ 2,419,525.24	1,726,644.57
SURPLUS FOR YEAR,	1,159,158.67	857,982.43

As of December 31, 1920, applicant reports \$27,500,000.00 of common stock, \$1,916,084.21 of 7 per cent preferred stock and \$39,618,800.00 of funded debt outstanding. In addition, applicant reports \$2,321,335.79 of notes and \$1,035,344.88 of accounts payable.

Applicant asks permission to use the proceeds from the sale of the \$2,500,000.00 of general lien bonds to finance in part the cost of its hydroelectric plant (Caribou development) and second transmission line.

I herewith submit the following form of Order.

O R D E R.

GREAT WESTERN POWER COMPANY OF CALIFORNIA having applied to the Railroad Commission for permission to execute a mortgage or trust deed and issue \$2,500,000.00 of general lien convertible 8 per cent bonds, and when a proper showing is made to issue and deposit as collateral \$2,500,000.00 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 the \$2,500,000.00 of general lien convertible bonds 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 GREAT WESTERN POWER COMPANY OF CALIFORNIA be, and it is hereby, authorized to issue \$2,500,000.00 of its general lien convertible 8 per cent 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 reason set forth in the foregoing opinion.

The authority herein granted is subject to the following conditions:

- 1.--The \$2,500,000.00 of general lien convertible bonds shall be sold, for cash, at not less than 94 and accrued interest.
- 2.--Until such time as the Commission has authorized the execution of a mortgage or trust deed securing the payment of said \$2,500,000.00 of general lien convertible bonds, all proceeds realized from the sale of the bonds or interim receipts or certificates shall be deposited with a trustee or trustees under a proper escrow agreement. Upon the execution of the mortgage or trust deed and the issue and delivery of bonds thereunder, the proceeds may be used to finance in part the cost of applicant's hydroelectric plant and appurtenances (Caribou development) and its second transmission line referred to in this application.
- 3.--The agreement between applicant and E.H. Rollins and Sons, applicant's Exhibit "C", is authorized and approved to the extent indicated in this order, such authorization and approval, however, being limited to the extent that affirmative authorization and approval is herein given.
- 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.
- 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, sold and delivered on or before September 1, 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 10th day of March, 1921.

Frank R. Brown

H. B. Bounding

James M. Martin

Charles H. Russell

Commissioners.

Notary and Commissioner State of California
Joe W. [unclear]
MAR 21 1921
[Signature]