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ORIGINAL

Decision No. 9295.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
GREAT WESTERN POWER COMPANY OF CAL-)
IFORNIA for authority to issue and)
pledge bonds under its first and re-) Application Number 7019.
funding mortgage; also to issue and)
sell bonds under said mortgage.)

Guy C. Earl and Chaffee E. Hall,
by Chaffee E. Hall, for Applicant.

LOVELAND, COMMISSIONER.

O P I N I O N

In this application, as amended, Great Western Power Company of California asks permission to issue and sell at 90% of face value, plus accrued interest, \$1,000,000. of its Series B first and refunding mortgage sinking fund gold bonds, and to use the proceeds from the sale thereof to reimburse its treasury in part for construction expenditures made prior to June 30, 1921 that have not been paid for by the issue of stock, bonds or notes.

Pending the delivery of permanent Series B bonds, applicant proposes to issue and sell interim certificates.

The record herein shows that since June 1, 1919 and prior to June 30, 1921 applicant has expended \$16,073,814.64 for the construction, extension and completion of its facilities as follows:-

For the Caribou Development	\$12,453,079.51
For the 165,000 volt transmission line from the Caribou Plant to Valona	2,527,051.00
For other additions and betterments	<u>1,581,782.44</u>
TOTAL	\$16,561,912.95
Less amount represented by notes for materials...	<u>488,098.31</u>
TOTAL	<u>\$16,073,814.64</u>

The petition shows that \$14,516,817.50 of this amount has been already provided for with proceeds from the sale of securities heretofore authorized by the Railroad Commission and that \$1,556,997.14 that has been expended from income, and for which applicant now seeks reimbursement in part by the issue of \$1,000,000. of bonds herein applied for, represents construction expenditures that have not yet been capitalized.

L. A. Reynolds, applicant's auditor and assistant treasurer, testified that applicant on July 1, 1921, was entitled under and by the terms and provisions of its first and refunding mortgage, to issue \$560,000. of the \$1,000,000. of bonds herein applied for. Mr. Reynolds further testified that it was his belief that applicant's earnings should be sufficient to justify the issue of the remaining \$440,000. of bonds by July 30, 1921. In view of this, the order herein will provide that \$440,000. of the \$1,000,000. of bonds be issued, sold and delivered only when and as authorized by the Railroad Commission in a supplemental order or orders upon the showing by applicant that it is entitled to their issue under the terms of its first and refunding mortgage.

From Exhibit "B" attached to the petition it appears that applicant has made arrangements with E. H. Rollins & Sons for the sale of \$250,000. of the Series B bonds at 90 and accrued interest, and that it has granted an option for the purchase of the remaining \$750,000. of bonds at the same price. The agreement with E.H. Rollins & Sons further provides for the issue of temporary cer-

tificates, pending the preparation and delivery of permanent bonds.

Applicant on June 30, 1921 reported outstanding \$27,500,000. of common stock; \$2,498,084.21 of preferred stock; \$51,351,500. of bonds; and \$1,602,960.81 of notes. Corporate surplus as of the same date was reported as \$4,767,813.30. For the six months period ending June 30, 1921 it reports its revenues and expenses and corporate surplus as follows:-

Operating revenues	\$3,074,659.22	
Operating expenses	<u>1,276,826.36</u>	
Net operating revenues		\$1,797,832.86
Non-operating revenues		
Miscellaneous rent revenues	16,885.75	
Interest and dividend revenues	535,387.83	
Miscellaneous nonoperating revenues	<u>6,540.00</u>	
Total nonoperating revenues		<u>558,813.58</u>
Gross corporate income		<u>2,356,646.44</u>
<u>DEDUCT</u>		
Uncollectible bills	6,000.00	
Nonoperating revenue deductions		
Rent expenses	11,020.04	
Nonoperating taxes	<u>5,635.86</u>	16,655.90
Interest accrued on funded debt	1,141,043.75	
Other interest deductions	84,321.31	
Rent deductions		
Rent for lease of other		
Electric plant	122,821.27	
Rent for conduits, poles		
and other supports	1,058.03	
Rent for instruments and		
equipment	160.00	
Miscellaneous rent deduc-		
tions	<u>11,726.00</u>	135,765.30
Amortization of debt discount and		
expense	<u>70,212.23</u>	
Total deductions		<u>1,453,998.49</u>
Balance carried to corporate surplus		<u>902,647.95</u>
Miscellaneous additions to surplus for the year		<u>72,197.36</u>
		<u>974,845.31</u>
Deductions from surplus for the year		
Dividends on outstanding stock	292,245.47	
Miscellaneous deductions	<u>38,462.68</u>	330,708.15
Net surplus for year to date		<u>644,137.16</u>
Corporate surplus-Balance December 31, 1920		<u>4,123,676.14</u>
Corporate surplus-June 30, 1921		<u>\$4,767,813.30</u>

I believe the application should be granted and 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 issue \$1,000,000. of its Series B first and refunding mortgage bonds, a public hearing having been held and it appearing to the Railroad Commission that the money, property or labor to be procured or paid for by such issue, is reasonably required for the purpose or purposes specified herein, and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expense or to income;

IT IS HEREBY ORDERED that Great Western Power Company of California be, and it is hereby, authorized to issue and sell on or before March 31, 1922 at not less than 90% of face value, plus accrued interest, \$1,000,000. of its Series B 7% first and refunding mortgage sinking fund gold bonds.

The authority herein granted is subject to further conditions as follows:-

1. The proceeds from the sale of bonds herein authorized shall be used by applicant to finance in part the construction expenditures referred to in this application.
2. \$440,000. of the bonds herein authorized shall be issued, sold and delivered only as hereafter authorized by the Railroad Commission in a supplemental order or orders upon the showing by applicant that it is entitled to issue said \$440,000. of bonds under and by the terms and provisions of its first and refunding mortgage.

3. Applicant may, pending preparation and delivery of said Series B bonds, issue and sell temporary certificates, as provided in the agreement attached to the petition herein, such temporary certificates to be hereafter exchanged for the Series B bonds herein authorized.

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

5. 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 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 30th day of July, 1921.

H. B. ...

H. ...

Dwight ...

Commissioners.

Railroad Commission of California
J. A. ...
AUG 1 1921
R. ...