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Decision No. 9607

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of )  
THE SOUTHERN SIERRAS POWER COMPANY, )  
an electrical corporation, for an )  
order authorizing the issue and sale )  
of \$580,698.32 par value, first and )  
refunding mortgage Series "B" gold )  
bonds, the same being additional to )  
the issue of \$6,248,277.55 par value )  
of bonds heretofore authorized by )  
the Railroad Commission of California.)

Application Number 7217.

Chas. F. Potter and Henry W. Coil  
by Chas. F. Potter, for Applicant.

BRUNDIGE, COMMISSIONER.

O P I N I O N

THE SOUTHERN SIERRAS POWER COMPANY asks permission to issue and sell at not less than 85 percent. of their face value and accrued interest \$580,698.32 of first and refunding mortgage six percent. Series "B" gold bonds due January 1, 1965 for the purpose of financing, in part, the cost of extensions, additions and betterments to its properties.

Applicant reports that from September 1, 1920 to April 30, 1921, it has expended for capital purposes the sum of \$683,174.49, including \$256,822.80 expended on its Owens River Gorge project. The expenditures, which are described in detail in Exhibit "C" attached to the petition, are reported to have been made from income and from advances made to the company.

The \$580,698.32 of bonds which applicant asks permission to issue represents eighty-five percent. of the \$683,174.49.

P. R. Ferguson, applicant's auditor, testified that arrangements had been made to sell the bonds at 85, and that the proceeds would be used by applicant to pay, in part, advances made to it by Nevada California Electric Corporation, which amounts to \$830,094.32.

The record in Application Number 6283 shows that the City of Los Angeles instituted a proceeding to acquire by condemnation certain properties formerly owned by Mono Power Company and now owned by applicant. The record in this proceeding shows that on July 12, 1921 the United States District Court for the Northern District of California made and entered its judgment by which it was ordered, adjudged and decreed that certain of the properties, consisting of all the riparian rights in the Owens River, part and parcel of the East half of Section 16, Township 5 South, Range 31 East, together with a right-of-way for a tunnel through said land, be condemned to the use of the City of Los Angeles and the Board of Public Service Commissioners of Los Angeles upon the payment to the Southern Sierras Power Company of the sum of \$525,000.00 and costs. It further appears that the bill of exceptions has been signed by the judge of the court, certified to and sealed by the clerk thereof, and will constitute a part of the record to be transmitted to the United States Circuit Court of Appeals for the Ninth Circuit under a writ of error, which has been applied for by applicant and issued.

The properties involved in this condemnation suit constitute a relatively small portion of the entire properties of applicant. Should the courts finally decide in favor of the city and the company realize less than it has expended to acquire and construct the properties, the loss must be properly recorded and the amount

of bonds outstanding reduced proportionately, or surplus earnings equal to the loss invested in the properties and no securities issued on account of such investment.

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 and sell 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 expenses or to income;

IT IS HEREBY ORDERED, that The Southern Sierras Power Company be, and it is hereby, authorized to issue and sell at not less than 85 percent. of their face value, plus accrued interest, \$580,698.32 of its first and refunding mortgage six per cent. Series "B" bonds and to use the proceeds to finance, in part, the cost of the extensions, additions and betterments described in Exhibit "C" attached to the petition herein.

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

- (1) Applicant 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

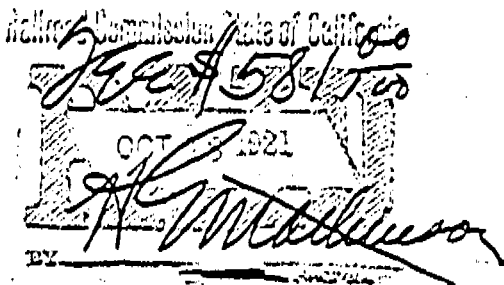
far as applicable, is made a part of this order.

(2) The authority herein granted will not become effective until applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$581.00.

(3) The authority herein granted shall apply only to such bonds as may be issued on or before December 31, 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 14<sup>th</sup> day of October, 1921.



[Signature]  
[Signature]  
[Signature]  
[Signature]  
Commissioners.