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Decision No. 9613.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE  
STATE OF CALIFORNIA

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In the Matter of the Application of the)  
SAN JOAQUIN LIGHT AND POWER CORPORATION )  
for an order authorizing the issue and )  
sale of bonds.

Application No. 7222.

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Murray Bourne for applicant.

BENEDICT, Commissioner.

O P I N I O N

SAN JOAQUIN LIGHT AND POWER CORPORATION asks permission to issue and sell \$2,000,000.00 of its unifying and refunding mortgage 7 per cent. bonds, and to issue and pledge with the trustee under its unifying and refunding mortgage, \$1,422,000.00 of its Series "C" first and refunding mortgage 6 per cent. bonds.

By Decision No. 9015, dated May 26, 1921, the Railroad Commission authorized applicant to execute a mortgage securing a total issue of \$150,000,000. of unifying and refunding mortgage bonds. The mortgage, among other things, provides that the uncertified first and refunding bonds of applicant shall from time to time be certified by the trustee under the first and refunding mortgage and deposited with the trustee under the unifying and refunding mortgage. Heretofore, the Commission by various orders in Application No. 6572, has authorized the issue and sale of \$7,000,000.00 of unifying and refunding mortgage bonds and the issue and pledge, as partial security thereof, of \$5,000,000.00 of first and refunding mortgage bonds. The company now asks permission to issue an additional \$1,422,000.00 of first and refunding mortgage bonds and to pledge them in accordance with the provisions of the unifying and refunding mortgage. It appears that there

remains uncertified at this time \$1,463,000.00 of first and re-funding mortgage bonds.

Applicant requests permission to sell the \$2,000,000.00 of unifying and refunding bonds at 95-1/2 per cent. of their face value plus accrued interest, and to use the proceeds to reimburse itself, or to provide the cost of constructing additions, extensions, improvements and betterments to its property made since January 1, 1917, which cost has not been reimbursed or paid or provided for out of the proceeds of other securities.

The company reports, in Exhibit "A", that since January 1, 1917 and prior to September 1, 1921, it has expended \$2,860,014.81 for capital purposes for which it has not been reimbursed.

Detailed statements of these expenditures show that this amount included, among others, expenditures for general transmission and distribution purposes, for the company's 12500 K.V.A. Midway steam plant and for the Kings Canyon and Kern River developments.

As of August 31, 1921, applicant reports outstanding \$19,343,600.00 of stock, consisting of \$1,843,600.00 of prior preferred stock, \$6,500,000.00 of preferred stock and \$11,000,000.00 of common stock. On the same date, its interest bearing funded debt outstanding in the hands of the public is reported at \$25,065,000.00. In addition, applicant reports accounts payable of \$1,056,533.73, notes payable of \$3,916,955.11, and sundry accruals of \$368,861.81.

Applicant reports its revenues and expenses for the twelve months ending August 31, 1921, as follows:-

|   |                |
|---|----------------|
| <u>Earnings:</u>                                |                |
| Light, .....                                    | \$1,479,498.07 |
| Power, .....                                    | 3,543,678.45   |
| Gas, .....                                      | 315,213.63     |
| Water, .....                                    | 25,131.06      |
| Railway, .....                                  | 139,995.61     |
| Total, . . . . .                                | \$5,503,516.82 |
| Operating Expense, . . . . .                    | 1,903,119.66   |
| Net Earnings, . . . . .                         | 3,600,397.16   |
| Miscellaneous Earnings, . . . . .               | 185,822.58     |
| Net Income, . . . . .                           | 3,786,219.74   |
| <u>Deduct:</u>                                  |                |
| Accrued Taxes and Insurance, . . \$             | 347,003.79     |
| Bad Debts, .....                                | 11,800.00      |
| Interest Deductions, .....                      | 1,397,258.68   |
| Bond Discount and Expense, . . .                | 144,125.70     |
| Total, . . . . .                                | 1,900,188.17   |
| Net Profit, . . . . .                           | 1,886,031.57   |
| Accrued Sinking Fund and Depreciation . . . . . | 389,653.33     |
| Net Surplus, . . . . .                          | \$1,496,378.24 |

A.E. Peat, applicant's treasurer and comptroller, testified that arrangements had been made for the sale of the \$2,000,000.00 of unifying and refunding mortgage bonds to Cyrus Peirce & Company at 95-1/2 per cent. of face value and accrued interest.

I herewith submit the following form of Order.

O R D E R

SAN JOAQUIN LIGHT AND POWER CORPORATION having applied to the Railroad Commission for permission to issue, sell and pledge 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, sale and pledge 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 SAN JOAQUIN LIGHT AND POWER CORPORATION be, and it is hereby, authorized to issue and sell at not less than 95½ per cent. of their face value and accrued interest, \$2,000,000.00 of unifying and refunding mortgage 7 per cent. bonds,

and to use the proceeds to reimburse its treasury for, or to provide the cost of, the expenditures referred to in Exhibit "A" attached to the petition.

IT IS HEREBY FURTHER ORDERED, that SAN JOAQUIN LIGHT AND POWER CORPORATION be, and it is hereby, authorized to issue \$1,422,000.00 of first and refunding mortgage bonds and to pledge them with the trustee under its unifying and refunding mortgage as security in part for the bonds issued under said unifying and refunding mortgage.

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

1.--Applicant shall keep such record of the issue, sale and pledge of the bonds herein authorized and of the disposition of the proceeds as will enable it to file, on or before the twenty-fifth 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 \$1,500.00.

3.--The authority herein granted shall apply only to such

bonds as may be issued and sold or pledged  
on or before April 30, 1922.

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.

Railroad Commission, State of California  
*Vol. 1500-00*  
OCT 17 1921  
*H. W. Loveland*

*H. W. Loveland*  
*Charles S. Brown*  
*J. J. Condit*  
COMMISSIONERS.