

Decision No. 316636

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
FONTANA POWER COMPANY,

a corporation, for an order authorizing  
it (a) to issue a note for \$160,000,  
and (b) to encumber its property to  
secure said note.

Application No. 23765

ORIGINAL

BY THE COMMISSION:

O P I N I O N

In this proceeding Fontana Power Company asks permission to issue its 4% installment note in the principal amount of \$160,000 and to execute a deed of trust to secure the payment of said note.

Fontana Power Company, hereinafter some times referred to as applicant, is a corporation, organized on or about April 1, 1916, under the laws of the State of California. Applicant is engaged in the business of supplying electric power at and in the vicinity of Fontana, San Bernardino County, California. Its hydro-electric plant is leased to and operated by the Southern California Edison Company Ltd. In 1938, applicant realized, from the operation of its hydro-electric plant, total revenues of \$76,521.94, and in 1939 total revenues of \$84,275.84. Its gross income, that is, the amount ~~available~~ available for the payment of interest and dividends in 1938 was \$51,698.14 and in 1939, \$37,881.28.

As of August 31, 1940, applicant reports its assets and liabilities as follows:

ASSETS

Plant and Property	\$427,002.46
Deposits with Southern California Edison Company Ltd. for line extensions.	2,651.18
Cash in banks	30,705.74
Accounts receivable	10,755.35
Prepaid insurance	46.94
Prepaid taxes	1,861.60
Unamortized bond discount and expense	<u>5,885.00</u>
Total assets	<u>\$478,908.27</u>

LIABILITIES

Common capital stock	\$ 10,500.00
First Mortgage 6% Serial Bonds	165,000.00
Accounts payable	6,943.58
Interest accrued	825.00
Taxes accrued	4,902.64
Reserve for depreciation	257,795.84
Reserve for retirement of bonds	14,000.00
Surplus	<u>18,941.21</u>
Total liabilities	<u>\$478,908.27</u>

Under the authority granted by Decision No. 3773, dated October 10, 1916, as amended (Application No. 2245), applicant issued \$350,000 of its 6% First Mortgage Serial Bonds. Of these bonds \$165,000 are now outstanding. They mature as follows:

\$17,000.00	on Feb. 1, 1941
17,000.00	" Feb. 1, 1942
18,000.00	" Feb. 1, 1943
20,000.00	" Feb. 1, 1944
21,000.00	" Feb. 1, 1945
22,000.00	" Feb. 1, 1946
50,000.00	" Feb. 1, 1947.

The bonds are redeemable at the option of the company upon the payment of the principal thereof, the accrued interest, and a premium of 4% of the principal.

It is of record that Fontana Union Water Company, a mutual water company, which owns substantially all of applicant's outstanding stock, proposes to create a new bond issue in the amount of \$1,500,000 and to sell said bonds at 96% of their face value and accrued interest. Conditioned upon the sale of its bonds, Fontana Union Water Company is willing to loan to applicant, and applicant proposes to borrow from the Fontana Union Water Company, the sum of \$153,600 for the purpose of paying or redeeming applicant's outstanding bonds. To obtain the \$153,600 applicant desires permission to issue to Fontana Union Water Company its 4% installment note in the face amount of \$160,000. The installments will be payable as follows:

October 15, 1941	\$24,000.00
" 15, 1942	26,000.00
" 15, 1943	26,000.00
" 15, 1944	26,000.00
" 15, 1945	26,000.00
" 15, 1946	26,000.00.

A copy of the proposed note which applicant desires permission to issue as well as a copy of the deed of trust which it asks authority to execute to secure the payment of the note, are on file in this proceeding. The Fontana Union Water Company will deposit the note with the trustee under its mortgage to secure the payment of its bonds. The deed of trust will be a lien on all of applicant's properties except moneys now or hereafter on hand, in bank, or owing to Fontana Power Company for any purpose in the ordinary course of its ordinary business.

#### ORDER

Fontana Power Company having asked permission to issue its note for \$160,000 and to execute a deed of trust to secure the

payment of said note, the Commission having considered applicant's request, and it being of the opinion that this is not a matter in which a hearing is necessary, that the money, property or labor to be procured or paid for by the issue of said note are reasonably required for the purpose herein stated and that the expenditures for said purpose are not in whole or in part reasonably chargeable to operating expenses or to income and that this application should be granted subject to the provisions of this order, therefore

IT IS HEREBY ORDERED as follows:

1. Fontana Power Company may, after the effective date hereof and prior to February 1, 1941, issue at not less than 96% of its face value, its 4% installment note for the principal sum of \$160,000, said note to be in substantially the same form as the note filed in this proceeding, and may use the proceeds realized through the issue of said note to pay or redeem its outstanding bonds.

2. Fontana Power Company may, after the effective date hereof and on or before February 1, 1941, execute a deed of trust in substantially the same form as the deed of trust filed in this proceeding, provided that the authority herein granted to execute said deed of trust is for the purpose of this proceeding only, and is granted insofar as this Commission has authority under the Public Utilities Act, and is not intended as an approval of said deed of trust as to such other legal requirements to which said deed of trust may be subject.

3. The authority herein granted will become effective when Fontana Power Company has paid the \$50.00 filing fee prescribed by Section 57½ of the Public Utilities Act.

4. Within thirty (30) days after the exercise of the authority herein granted, Fontana Power Company shall file with the

Railroad Commission a copy of the note issued under the authority herein granted and a copy of the deed of trust executed under the authority herein granted.

5. Fontana Power Company shall file with the Railroad Commission such reports as are required by the Commission's General Order No. 24-A, which order insofar as applicable, is made a part of this order.

Dated at San Francisco, California, this 29<sup>th</sup> day of October, 1940.

*Ray & Rice  
General Counsel  
Railroad Commission  
H. Peter  
Justice J. Coe*

CERTIFIED AS A TRUE COPY

*H. M. Maxham*  
Secretary, Railroad Commission  
State of California

*\$50.00*  
RAILROAD COMMISSION  
STATE OF CALIFORNIA  
PAID  
OCT 30 1940  
*H. M. Maxham*  
SECRETARY