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Decision No. 12614.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
THE CALIFORNIA OREGON POWER COMPANY)
for an order of the Railroad Commis-)
sion of the State of California auth-)
orizing the issuance and sale of)
\$1,000,000.00 of Series "B" bonds.)

Application Number 9361.

ORIGINAL

Morrison, Dume and Brobeck,
by H. H. Pileger, for Applicant.

BY THE COMMISSION:

O P I N I O N

In this application THE CALIFORNIA OREGON POWER COMPANY asks permission to issue and sell at not less than 94-3/4 percent. of their face value and accrued interest \$1,000,000.00 of its Series "B" six percent. first and refunding mortgage bonds due February 1, 1942, and use the proceeds for the purposes hereafter mentioned.

The California Oregon Power Company is engaged in the business of generating electrical energy and distributing and selling the same in the Counties of Jackson, Josephine, Klamath, Douglas and Lane in Oregon and in the Counties of Siskiyou, Shasta and Trinity in California; and in developing, storing, selling and distributing water for domestic, commercial and manufacturing purposes in the City of Klamath Falls, Klamath County and in the City of Roseburg, Douglas County, Oregon, and in the Town of Dunsmuir, Siskiyou County, California.

As of July 31, 1923 the company reports \$4,441,100.00 of common and \$2,980,700.00 of seven percent. preferred stock outstanding. In addition, it reports subscriptions for preferred stock

in the amount of \$280,441.00. Its total stock outstanding and subscribed for amounts to \$7,702,241.00. As of the same date the company reports outstanding \$3,746,500.00 of bonds consisting of \$1,953,500.00 first and refunding seven and one half percent. bonds due 1941, \$1,000,000.00 of first and refunding six percent. bonds due 1942 and \$793,000.00 of underlying bonds.

Subject to their issue being authorized by the Railroad Commission, the company has agreed to sell \$1,000,000.00 of its six percent. Series "B" first and refunding bonds at not less than 94-3/4 percent. of their face value and accrued interest. It asks permission to use the proceeds for the following purposes:-

a- To reimburse its treasury for payments heretofore made on account of the purchase of the property of the Douglas County Light and Water Company and to provide for further payments on account thereof	\$600,000.00
b- To reimburse its treasury for the face value of underlying bonds purchased, paid or redeemed	213,000.00
c- To reimburse its treasury for capital expenditures since March 31, 1923, such expenditures being reported in Exhibit "C"	<u>137,000.00</u>
TOTAL	<u>\$950,000.00</u>

By Decision Number 12289, in Application Number 9121 the Railroad Commission permitted The California Oregon Power Company to purchase at a cost of \$600,000.00 the properties of the Douglas County Light and Water Company. The testimony shows that there has been paid \$195,000.00 of the purchase price. This payment has been made possible through loans obtained from banks. Applicant asks permission to use \$600,000.00 of the proceeds obtained from the sale of the bonds to finance the purchase of the properties of the Douglas County Light and Water Company.

The testimony shows that applicant has purchased and retired \$213,000.00 of underlying bonds at a cost slightly in excess of the face value of the bonds redeemed. In addition, it has expended for plant extensions, additions and betterments to July 31, 1923, \$137,000., against which no bonds have been issued. While applicant asks to reimburse its treasury because of moneys expended to redeem bonds, and construct extensions, additions and betterments, it is of record that after the company's treasury has been reimbursed the moneys used for such reimbursement will be expended for acquiring and constructing extensions, additions and betterments to applicant's plant and properties.

O R D E R

THE CALIFORNIA OREGON POWER COMPANY having applied to the Railroad Commission for permission to issue \$1,000,000.00 of bonds, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income, and that this application should be granted as herein provided; therefore,

IT IS HEREBY ORDERED that THE CALIFORNIA OREGON POWER COMPANY be, and it is hereby, authorized to issue and sell at not less than 94-3/4 percent. of their face value and accrued interest \$1,000,000. of its first and refunding mortgage six percent. bonds due February 1, 1942, and use the proceeds for the following purposes:-

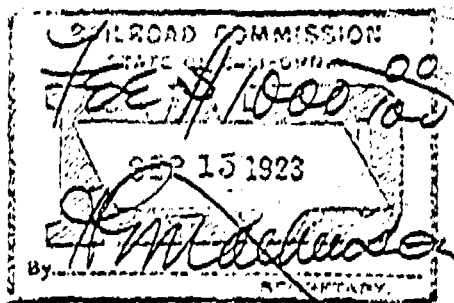
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|----|--|--------------|
| a- | To reimburse its treasury for payments heretofore made on account of the purchase of the property of the Douglas County Light and Water Company and to provide for further payments on account thereof | \$600,000.00 |
| b- | To reimburse its treasury for the face value of underlying bonds purchased, paid or redeemed | 213,000.00 |
| c- | To reimburse its treasury for capital expenditures since March 31, 1923, such expenditures being reported in Exhibit "C" | 137,000.00 |
| 3- | TOTAL..... | \$950,000.00 |

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

1. The California Oregon Power Company shall keep such record of the issue, sale and delivery 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 amounts to \$1,000. The authority herein granted to issue bonds will expire on December 15, 1923.

IT IS HEREBY FURTHER ORDERED that The California Oregon Power Company be, and it is hereby, authorized to issue in lieu of said \$1,000,000.00 of bonds, temporary certificates of like amount, such certificates to be issued and sold under the same terms and conditions as applicant is herein authorized to issue and sell said \$1,000,000.00 of bonds.

DATED at San Francisco, California, this 14th day of September, 1923.



Channing
W. B. Burdick
Dwight Martin
E. Whittier
Commissioners.