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Decision No. 14638.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
THE CALIFORNIA OREGON POWER COMPANY, )  
a corporation, for an order of the )  
Railroad Commission of the State of ) Application No. 10862  
California authorizing the issue and )  
sale of \$2,000,000. Series "C" bonds. )

Dunne, Brobeck, Ehleger and Harrison, by  
W. I. Brobeck, for applicant.

BRUNDIGE, Commissioner:

OPINION

ORIGINAL

The California Oregon Power Company asks permission to issue and sell at ninety-three percent of their face value and accrued interest \$2,000,000.00 of its Series "C" first and refunding mortgage five and one half percent sinking fund gold bonds, due February 1, 1955. The company further asks permission to issue, sell and deliver temporary certificates for the bonds, such certificates to be thereafter exchanged for the bonds when the same are issued.

The company intends to use some of the proceeds obtained from the sale of the bonds to pay \$1,482,000.00 of seven percent twenty-year convertible gold debentures due May 1, 1944 and \$155,000. of six percent Klamath Power Company bonds due April 1, 1931. The debentures are callable at one hundred four and three quarter percent, and the Klamath Power Company bonds at one hundred five percent of their face value. It is estimated that to refund the two issues of

funded debt and pay the expenses incidental to the issue of the new bonds the company will have to incur an expenditure of about \$1,723,395.00. To realize this amount, applicant, if it sells its bonds at ninety-three percent, will have to dispose of \$1,853,000.00 of Series "C" bonds, or an amount which is \$216,000.00 in excess of the face value of the debentures and bonds to be paid.

The present annual interest charges of the company are reported at \$556,840.00, while the annual interest charges after the refunding has been completed will be \$545,715.00 or \$11,125.00 less than at present. To amortize the increase (\$216,000.00) in the bonded debt of the company calls for an annual expenditure of \$3,096.00 which amount deducted from the \$11,125.00 leaves a net annual saving of \$8,029.00 in interest charges.

If the company sells \$2,000,000.00 of bonds at ninety-three it will realize \$1,850,000.00. Deducting from such amount the \$1,723,395.00 heretofore mentioned leaves \$126,605.00 available for construction purposes. It is of record that the company will use the \$126,605.00 to finance part of its 1925 estimated construction expenditures set forth in its budget filed (Exhibit No. 3) in this proceeding.

I herewith submit the following form of order:-

#### ORDER

The California Oregon Power Company having applied to the Railroad Commission for permission to issue \$2,000,000.00 of Series "C" bonds and to issue, pending the delivery of such bonds, temporary certificates, 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 the issue of such bonds or certificates 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.

IT IS HEREBY ORDERED that The California Oregon Power Company be, and it is hereby, authorized to issue and sell on or before July 1, 1925, at not less than ninety-three percent of their face value and accrued interest, \$2,000,000.00 of its Series "C" first and refunding mortgage five and one half percent sinking fund gold bonds due February 1, 1955. Pending the delivery of such bonds the company may issue, sell and deliver temporary certificates for said bonds, which certificates are to be exchanged for said bonds when issued.

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

1. Of the proceeds obtained from the sale of the bonds, an amount not exceeding \$1,723,395.00 may be used by the company to pay the \$1,482,000.00 of seven percent twenty-year sinking fund convertible gold debentures due May 1, 1944, the \$155,000.00 of Klamath Power Company five percent bonds due April 1, 1931 and the payment of expenses incident to the payment of such debentures and bonds and the issue of the bonds herein authorized. The sum of \$136,605.00, together with such portion of the \$1,723,395.00 not needed for the aforesaid purposes shall be used by the company to finance in part construction expenditures set forth in its Exhibit No. 3. The accrued interest on the \$2,000,000.00 of bonds herein authorized to be issued, and sold may be used for general corporate purposes.

2. 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.

3. The authority herein granted to issue bonds or temporary certificates will become effective when the company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$518.00.

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 5<sup>th</sup> day of March, 1925.

H. B. Mendel

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George D. Squires

Emmanuel

Commissioners.

