

ORIGINAL

IRA

Decision No. 15637.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
ONTARIO POWER COMPANY )  
for an order authorizing the issue )  
of six percent general and refund- )  
ing bonds. )

Application No. 11,344

Glenn D. Smith, for applicant.

BY THE COMMISSION:

O P I N I O N

Ontario Power Company, in this application, has applied to the Railroad Commission for permission to execute a mortgage and to issue and sell, at not less than 95 percent of face value plus accrued interest, \$238,000. of general and refunding six percent bonds of the Series of 1925 to refund outstanding indebtedness and to finance the cost of extensions, additions and betterments.

The application shows that Ontario Power Company is engaged in the manufacture, distribution and sale of electricity, for light, heat, power and other purposes, within the cities of Ontario and Upland and adjacent rural territory. The company reports in the application that since November 1, 1923, it has been compelled to expend for extensions, additions and betterments to its plants and properties, the sum of \$136,793.68, which amount, it appears, was provided by surplus earnings and through short

term notes and other current indebtedness. The expenditures are described in some detail in the application and in general are said to consist of the following:-

Meters . . . . .	\$11,120.76
Transformers . . . . .	20,827.71
Pole line construction . . . . .	83,550.27
Miscellaneous. . . . .	<u>21,294.94</u>
Total.....	<u>\$136,793.68</u>

Applicant now seeks to reimburse itself to the extent of \$136,000. on account of these expenditures. It further reports that it intends to retire the outstanding \$54,000. of seven percent serial notes and the \$48,000. of seven percent trust notes. The serial notes are dated July 1, 1918, mature in equal annual installments of \$6,000. and are callable at par and accrued interest, and the trust notes are dated August 1, 1921, mature in equal annual installments of \$4,000. and are callable at 101 and accrued interest. Both note issues were made under authority heretofore granted by the Commission to pay for properties.

To obtain the moneys necessary to reimburse the treasury for the \$136,000. of capital expenditures and to pay the \$102,000. of notes, applicant proposes to create a new bonded indebtedness and to issue and sell, at this time, \$238,000. of bonds.

The company has filed, on November 5, 1925, a revised copy of its proposed mortgage, which appears to be in satisfactory form. The instrument provides for a total issue of \$2,500,000. of general and refunding mortgage bonds, issuable in series. Those now proposed to be issued are designated Series of 1925, are dated July 1, 1925, mature July 1, 1955, bear interest at the rate of six percent per annum, and are callable at a premium of five per cent if redeemed prior to or during the calendar year 1936 and if

redeemed thereafter at a premium decreasing at the rate of one-half of one percent every two years. Applicant asks permission to sell its bonds at not less than 95 and accrued interest.

O R D E R

Ontario Power Company having applied to the Railroad Commission for permission to execute a trust indenture and to issue and sell \$238,000. 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 through such issue and sale of such bonds is reasonably required by applicant for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that Ontario Power Company be, and it is hereby, authorized to execute a mortgage or deed of trust substantially in the same form as that filed in this proceeding on November 5, 1925, and to issue and sell on or before February 28, 1926, at not less than 95 percent of face value plus accrued interest \$238,000. of its general and refunding mortgage bonds and to use the proceeds to pay the outstanding \$54,000. of serial notes and the \$48,000. of trust notes and to finance in part the cost of the extensions, additions and betterments to which reference is made in the foregoing opinion.

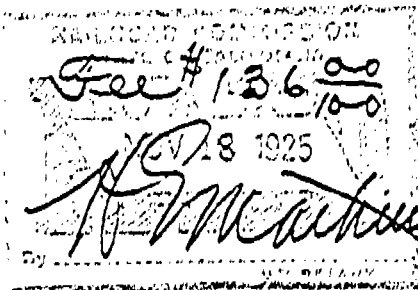
The authority herein granted is subject to the following conditions:-

1. The authority herein granted to execute a mortgage or deed of trust is for the purpose of this proceeding only and

is granted only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said mortgage or deed of trust as to such other legal requirement to which such mortgage or deed of trust may be subject.

2. Applicant 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 insofar as applicable is made a part of this order.
3. The authority herein granted shall become effective when applicant has paid the fee prescribed in Section 57 of the Public Utilities Act, which fee is One Hundred and Thirty-Six (\$136.00) Dollars.

DATED at San Francisco, California, this 14<sup>th</sup> day of November, 1925.



H. H. Brundage

C. Seaver

George D. Squires

Leon White

Commissioners.