

DEM

Decision No. 17019 .

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 refunding )  
bonds. )

Application No. 12895

ORIGINAL

Glenn D. Smith, for applicant.

BY THE COMMISSION:

O P I N I O N

Ontario Power Company asks permission to issue and sell at not less than 97 and accrued interest \$76,000.00 of its six percent general and refunding bonds and use the proceeds to reimburse its treasury on account of earnings expended for additions and betterments.

Applicant reports the cost of additions and betterments at \$100,699.89. From this amount it deducts \$11,120.30 on account of retirement of property, leaving a balance of \$89,579.59. It is against a net expenditure of \$89,579.59 that applicant asks permission to issue \$76,000.00 of bonds.

On March 8, 1926 applicant filed with the Commission a certified copy of its general and refunding mortgage and/or deed of trust. This provides for a "Series of 1925" issue of bonds in the amount of \$250,000.00. "Series of 1925" bonds bear interest at the rate of six percent per annum and mature on July 1, 1955. Bonds in the amount of \$238,000. have heretofore been issued under permission granted by the Commission, leaving \$12,000 of the "Series of 1925" unissued.

Under its mortgage applicant's Board of Directors can create new series of bonds and determine the maturity date and interest rate of the new series. It is of record that it has not been finally determined whether the new series of bonds will bear interest at the rate of six percent or 5-1/2 percent. The maturity date will, however, be July 1, 1955.

Applicant asks permission to sell the bonds at not less than 97. We are of the opinion that if applicant concludes to create a new series of bonds bearing interest at the rate of six percent per annum that the bonds should be sold for not less than par and that if it creates a new series of bonds bearing interest at the rate of 5-1/2 percent per annum that such 5-1/2 percent bonds should be sold by it on a six percent basis or better.

At the hearing had on this application on June 21st before Examiner Fankhauser, applicant amended the same and as amended, asks permission to issue \$47,600.00 of short term unsecured notes bearing interest at seven percent per annum, to renew a like amount of notes now outstanding.

The money obtained from the issue of the notes has been used by applicant to pay for additions and betterments.

#### O R D E R

Ontario Power Company having applied to the Railroad Commission for permission to issue \$76,000.00 of bonds and \$47,600. of notes, a public hearing having been held and the 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 expense or to income,

IT IS HEREBY ORDERED as follows:-

1. Ontario Power Company may issue and sell on or before December 1, 1926 not exceeding \$76,000. of its general and refunding bonds maturing on July 1, 1955, said bonds to be sold on a six percent basis or better, and the proceeds, other than accrued interest, used to reimburse applicant's treasury on account of additions and betterments financed through the investment of earnings. The accrued interest may be used for general corporate purposes.
2. Ontario Power Company may issue its unsecured seven percent notes in the sum of not exceeding \$47,600. payable on or before one year after date, for the purpose of refunding or renewing the \$47,600. of notes, set forth in applicant's balance sheet as of April 30, 1926. If applicant issues notes for a term of less than one year it may renew the same from time to time, provided that the term of the original note and the term of any renewals thereof shall not exceed one year after the date of this order.
3. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$124.
4. Ontario Power Company shall keep such record of the issue, sale and delivery of the bonds herein authorized 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 ap-

plicable, is made a part of this order.

DATED at San Francisco, California, this 28<sup>th</sup> day  
of June, 1926.

H. B. ...

J. C. ...

Edward ...

Commissioners.

