

Decision No. 18279

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )

N. P. JENSEN )

for authority to transfer the electric )  
 system and properties owned by him to )  
 Charles B. Jackson, and of )

CHARLES B. JACKSON )

for authority to acquire said electric )  
 system and properties. )

ORIGINAL

Application No. 13712.

Goodfellow, Bells and Orrick, for applicant.

BY THE COMMISSION:

O P I N I O N

In this application N. P. Jensen, who is engaged in the business of generating electricity in Modoc County, California, and transmitting the same to Lake County, Oregon, where he has been furnishing and selling electricity for light, heat and power, asks permission to sell his electric system and properties to Charles B. Jackson.

It is of record that substantially all of the consumers of N. P. Jensen reside in Lake County, Oregon. A few of his consumers reside in Modoc County, California. N. P. Jensen has

agreed to sell his electric business and properties in the State of California and in the State of Oregon to W. B. Foskay Company, which in turn have agreed to assign their contract to purchase said business and properties to Peoples California Hydro-Electric Corporation, a California corporation. In order to facilitate and expedite the transaction it is proposed to have N. P. Jensen transfer the title to the properties both within the State of California and within the State of Oregon to Charles B. Jackson, who, in turn, will subsequently transfer said properties to the Peoples California Hydro-Electric Corporation for whatever amount of bonds and stock said corporation may be authorized to issue in payment for the properties by the Railroad Commission. Charles B. Jackson agrees to assume all public utility obligations of the property and to continue to serve all consumers of N. P. Jensen. The purchaser does not at this time propose to increase or change the rates for service that the consumers are now paying.

There is filed with the petition an appraisal of the properties made by James R. Thompson, Consulting Engineer. In his report, which is as of November 1, 1925, he estimates the reproduction cost new of the physical property at \$108,472.00 and the reproduction cost new less depreciation at \$84,382.00. To these amounts he adds allowances for materials and supplies for cost of financing and for going value with the result that his estimated cost of reproduction is increased to \$124,598.00 and his estimated cost of reproduction new less depreciation \$98,581.00. N. P. Jensen's operating revenue for the year ending October 1, 1924, is reported at \$18,899.11 and for the year ending October 1, 1925, at \$21,850.26.

This Commission has made no examination of the properties or of the appraisals submitted by applicants. Applicants urge that the Commission at this time authorize the transfer of the properties to Charles B. Jackson and in a later proceeding in which Charles B. Jackson will ask permission to transfer the properties to Peoples California Hydro-Electric Corporation make such examination as it may deem necessary. While we are willing to enter an order, as requested, it should be understood that in the proceeding involving the transfer of the properties from said Charles B. Jackson to said Peoples California Hydro-Electric Corporation, the Commission may determine the issues in that proceeding without any regard to the transfer herein authorized.

#### ORDER

N. P. Jensen having applied to the Railroad Commission for permission to sell his electric system and properties to Charles B. Jackson and Charles B. Jackson having asked permission to purchase such properties and the Commission being of the opinion that this is not a matter in which a public hearing is necessary and that this application should be granted, therefore

IT IS HEREBY ORDERED that N. P. Jensen be, and he is hereby, authorized to sell on or before July 1, 1927, the properties described in Exhibit "A" attached to the petition filed in this proceeding to Charles B. Jackson, who is hereby authorized to acquire said properties.

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

1. Charles B. Jackson shall assume all public utility obligations of the electric system and properties of N. P. Jensen and continue to serve all consumers of N. P. Jensen at rates for service which said consumers are now paying until such time as said rates may be legally changed.
2. The authority herein granted to transfer the properties shall not be construed as a finding of the value of said electric system and properties or as an approval of the consideration which W. B. Foshay Company have agreed to pay for the properties or of the estimated reproduction cost new or of the estimated reproduction cost new less depreciation of the properties submitted in this proceeding.
3. Within thirty (30) days after the transfer of the properties, Charles B. Jackson shall file with the Commission a certified copy of the deed and of any and all other instruments under which he acquires and holds titles to said properties.

DATED at San Francisco, California, this 26<sup>th</sup>  
day of April, 1927.

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Emmery  
Leon Whelan  
Thos. Powell