

Decision No. 18477.

**ORIGINAL**

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 )  
California authorizing it to merge )  
or consolidate its system with that )  
of Keno Power Co., a corporation. )

Application No. 13709.

Brobeck, Phleger & Harrison,  
by E. S. Taylor, for applicant.

BY THE COMMISSION:

O P I N I O N

The Railroad Commission is asked to make an order authorizing The California Oregon Power Company to merge or consolidate its plant or system with that of Keno Power Co. by purchasing the latter.

The application shows that The California Oregon Power Company is a corporation organized under the laws of the State of California and engaged, as a public utility, in generating electric energy and distributing it 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 and distributing water in the Cities of Klamath Falls and Roseburg, Oregon, and in Dunsmuir, California. Keno Power Co. is a corporation organized

under the laws of the State of Oregon and engaged in the business of generating electric energy and distributing it in and about the Town of Keno and the City of Klamath Falls, Oregon. The two systems are inter-connected.

It appears that The California Oregon Power Company about 1921 purchased all the outstanding stock (\$180,000.00) of Keno Power Co. and has since operated the properties under lease arrangement. Applicant reports that it purchased the stock for \$60,000.00 and subsequently advanced to Keno Power Co. the sum of \$200,041.19 for additions and betterments and \$682.05 representing the cost of stock, the three items aggregating \$260,723.24. It estimates the reproduction cost of Keno Power Co. properties, as of August 1, 1926, at \$327,158.00, the depreciation at \$62,158.00 and the cost depreciated at \$265,000.00. An inventory of the properties, in some detail, and an appraisal are filed in this matter as Exhibit No. 4.

Applicant proposes to effect the merger or consolidation herein submitted to the Commission, by purchase and has agreed to buy all the properties of Keno Power Co. of every kind, character and description, the franchises, business and assets, including accounts receivable, for the sum of \$260,723.24, which is said to represent its investment in the Keno properties. In carrying out the transaction it will cancel the amounts, \$200,723.24, owing from Keno Power Co. and will surrender for cancellation the common stock of Keno Power Co. which it purchased for \$60,000.00.

Although all of the properties of Keno Power Co. are located within the State of Oregon, applicant has elected to file this application with this Commission. In this connection reference should be made to Section 51(a) of the Public Utilities

Act which provides, among other things, that no electrical or water corporation may merge or consolidate its plant or system, or franchises or permits, or any parts thereof, with any other public utility, without first having secured from the Commission an order authorizing it to do so.

O R D E R

The California Oregon Power Company having applied to the Railroad Commission for permission to merge or consolidate its plant or system with that of Keno Power Co., a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the application should be granted, as herein provided,

IT IS HEREBY ORDERED that The California Oregon Power Company be, and it hereby is, authorized to merge or consolidate its plant or system with that of Keno Power Co. by purchase, for not exceeding \$250,723.24, all of the properties of Keno Power Co.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective upon the date hereof.

IT IS HEREBY FURTHER ORDERED that The California Oregon Power Company shall file with this Commission, within sixty (60) days after the purchase of the properties of Keno Power Co., a certified copy of the deed under which it acquires and holds

title to such properties.

DATED at San Francisco, California, this 9<sup>th</sup>  
day of June, 1927.

H. K. Brundage  
C. Seavey  
Leon White

Commissioners.