

Decision No. 16542

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CHARLES B. JACKSON

For authority to transfer the elec-
tric system and properties owned by)
him to Peoples California Hydro-
Electric Corporation, a corpora-
tion, and of Peoples California
Hydro-Electric Corporation for
authority to buy said electric
system and properties and to issue
shares of its capital stock of the
par value of \$36,400.00 and its
first mortgage bonds of the face
amount of \$85,000.00.

ORIGINAL

Application No. 13744.

Goodfellow, Ellis & Orrick,
by T. W. Dahlquist, for applicants.

BY THE COMMISSION:

OPINION

In the above entitled matter the Railroad Commission is asked to make an order authorizing Charles B. Jackson to transfer an electric system and properties to Peoples California Hydro-Electric Corporation, and authorizing Peoples California Hydro-Electric Corporation to acquire said system and properties and to issue in payment \$36,400.00 of its common capital stock and \$85,000.00 of its first mortgage 5-1/2 percent bonds.

It appears that Charles B. Jackson is the owner of record of an electric system used in supplying electricity for light, heat and power purposes in Modoc County, California, and in Lake County, Oregon. The properties include 281 acres of land, two small hydro-electric plants and one steam plant, of an aggregate generating capacity of 315 K.W., a copper transmission line from the generating plants to Lakeview, Oregon, and Fair Port, California, and distributing systems in Lakeview, Fair Port and New Pine Creek. Approximately 325 consumers are served, substantially all of whom reside in Oregon. The generating plants, however, are all located in California and a few consumers reside in this state.

The revenues and expenses of the system for the last three years are reported in the application as follows:-

Item	1924	1925	1926
Operating revenue	\$18,487.66	\$23,140.77	\$25,246.65
Operating expenses.	15,276.26	14,921.71	15,514.55
Net revenues	<u>3,211.40</u>	<u>8,219.06</u>	<u>9,732.10</u>
Deductions:			
Depreciation	2,232.01	2,306.65	2,308.86
Federal taxes.	13.82	17.67	19.42
Total.	<u>2,245.83</u>	<u>2,324.32</u>	<u>2,328.28</u>
Net income.	<u>\$965.57</u>	<u>\$5,894.74</u>	<u>\$7,403.82</u>

Appraisals of the properties involved in this proceeding have been made by Day and Zimmerman and by James R. Thompson, a consulting engineer of Portland, Oregon. No oral testimony was introduced in support of the Day and Zimmerman valuation. James R. Thompson was called as a witness in this matter and testified concerning the figures appearing in his valuation. The summaries

of these figures are as follows:-

Classification	Cost of Re- production New	Condi- tion %	Cost of Repro- duction New, less Depreciation
Organization	3,129.00	80	2,433.00
Franchises -	1,043.00	80	811.00
Lands -	20,825.00	100	20,825.00
Buildings -	3,914.00	60	2,348.00
Hydro-electric Generation -	21,393.00	77	16,626.00
Steam Electric "	5,013.00	77	3,867.00
Hydro " "	6,220.00	80	4,970.00
Transmission:			
Poles and Fixtures -	5,923.00	40	2,368.00
Copper -	4,873.00	40	3,375.00
Distribution:			
Poles and Fixtures -	3,462.00	60	2,125.00
Copper -	2,928.00	79	2,342.00
Transformers -	4,560.00	80	3,648.00
Meters -	4,005.00	80	3,220.00
General Equipment -	3,801.00	50	1,901.00
Items of Additional Cost			
20 percent -	17,383.00	77	13,523.00
Total Physical Property -	108,472.00	77	84,382.00
Materials and Supplies on hand -	2,267.00	100	2,267.00
Cost of Financing at 8% -	8,859.00	78	6,932.00
Fair allowance for going Value -	5,000.00	100	5,000.00
Total Property and Business-	124,598.00	79	98,581.00

We have considered the evidence submitted in this proceeding and are of the opinion that neither the earnings of the system nor either of the appraisals submitted justify the issue of the \$36,400.00 of stock and the \$85,000.00 of bonds. In our opinion Peoples California Hydro-Electric Corporation should be authorized to issue, in payment for the properties, not exceeding \$36,400.00 of stock and \$48,000.00 of bonds, a total of \$84,400.00.

An order accordingly will be entered.

ORDER

Application having been made to the Railroad Commission for an order authorizing Charles B. Jackson to transfer electric properties and business and Peoples California Hydro-Electric Corporation to acquire such properties and business and to issue \$36,400.00 of stock and \$85,000.00 of bonds, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the transfer of the properties and the issue of \$36,400.00 of stock and \$48,000.00 of bonds should be authorized and that the money, property or labor to be procured or paid for through the issue of said stock and bonds is reasonably required by Peoples California Hydro-Electric Corporation for the purpose specified herein and that the expenditures for said purpose are not, in whole or in part, reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that Charles B. Jackson be, and he hereby is, authorized to transfer to Peoples California Hydro-Electric Corporation, free and clear of all liens and indebtedness, the electric properties and business referred to in this application.

IT IS HEREBY FURTHER ORDERED that Peoples California Hydro-Electric Corporation be, and it hereby is, authorized to acquire said properties and business, free and clear of all liens and indebtedness, and to issue in full payment not exceeding \$36,400.00 of its common capital stock and \$48,000.00 of its first mortgage 5-1/2 percent bonds.

