

Decision No. 18951

**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
GREAT WESTERN POWER COMPANY OF  
CALIFORNIA  
for authority to issue and sell  
\$2,500,000.00 par value of common  
stock.

Application No. 14111.

Guy C. Earl and Chaffee E. Hall,  
for applicant.

BY THE COMMISSION:

O P I N I O N

Great Western Power Company of California asks permission to issue and sell, for cash at par, 25,000 shares of its common capital stock, of the aggregate par value of \$2,500,000.00 for the purpose of reimbursing its treasury on account of expenditures made for additions and betterments.

It appears that Great Western Power Company of California has an authorized capital stock of \$60,000,000.00, divided equally into common and preferred, the preferred consisting of \$15,000,000.00 of seven percent preferred stock and \$15,000,000.00 of Series "A" six percent preferred stock. Of the authorized amounts the company reports outstanding, on August 31, 1927, \$27,500,000.00 of the common and \$17,179,600.00 of the preferred, a total of \$44,679,600.00. All of the common stock is reported held by Western Power Corporation and it is said that the \$2,500,000.00 of common stock, now proposed to be

issued, will be purchased by that company.

In support of the request to issue the remaining authorized common stock the company reports that up to August 31, 1927, it had expended for capital purposes the sum of \$7,300,678.39, for which it had not been reimbursed with proceeds obtained through the issue of securities. This sum was determined as follows:-

Purchase of capital stock of Napa Valley Electric Company . . . . .	\$100,000.00
Balance of capital expenditures for which the treasury was not reimbursed at December 31, 1924, as shown by Exhibit "A" in Application No. 10785 . . . . .	502,914.17
Capital expenditures for the year 1925, as shown in Exhibit "C". . . . .	4,654,863.39
Capital expenditures for the year 1926, as shown in Exhibit "D". . . . .	6,184,459.33
Capital expenditures for the period January 1, 1927 to August 31, 1927, as shown in Exhibit "E" . . . . .	<u>4,175,812.92</u>
<b>Total. . . . .</b>	<b><u>\$15,618,049.81</u></b>

From which there is deducted:-

Balance of proceeds of sale of preferred stock under Decision 10605, Application 7925. . . . .	33.00
Proceeds received or to be received from preferred stock sold:	
Under Decision 14541, Application 10785 . . . . .	1,936,344.50
Under Decision 15124, Application 11110 . . . . .	1,632,022.25
Under Decision 15384, Application 11627 . . . . .	1,983,961.47
Under Decision 16091, Application 12518 . . . . .	1,820,000.00
Under Decision 17707, Application 13312 . . . . .	<u>945,000.00</u>
<b>Total. . . . .</b>	<b><u>\$8,317,371.22</u></b>
<b>Excess of expenditures . . . . .</b>	<b><u>\$7,300,678.39</u></b>

In addition to the items set forth in the foregoing tabulations the company alleges that it has expended for purposes properly chargeable to capital account the further sum of \$981,723.23, as shown in detail in paragraph III of the application. It does not, however, ask permission to use the proceeds from the sale of the stock herein applied for, to finance these expenditures and it therefore does not seem necessary at this time for us to

approve the expenditures of \$981,723.23. The order herein will authorize the issue of \$2,500,000.00 of common stock for the purpose of reimbursing the treasury and of financing in part the reported expenditures of \$7,300,678.39. Such authority should not be construed as an approval of the expenditures of \$981,723.23 or of those of \$7,300,678.39 in excess of \$2,500,000.00.

The authority herein granted to issue stock is permissive only. While the order will require that the stock, if sold, shall be sold for not less than par for cash, we have made no determination that the stock is worth the par value thereof. Each stock certificate issued under the authority granted in the following order or in transfers thereof shall contain in the body of the certificate the following language:-

"The stock represented by this certificate has been issued pursuant to Decision Number \_\_\_\_\_ rendered on October \_\_\_\_\_, 1927, by the Railroad Commission of the State of California in Application Number \_\_\_\_\_. In said Decision said Railroad Commission authorizes the issuance and sale by said Great Western Power Company of California of Twenty-five Thousand shares of common stock at par for cash but states that said authorization is permissive only and is not to be deemed equivalent to a determination that said stock is worth the par value thereof."

Great Western Power Company of California will be expected to adopt by resolution of its board of directors a form of common stock certificate containing the foregoing language which form of certificate shall hereafter be used for the issue and transfers of its common capital stock issued under the order herein.

#### ORDER

Great Western Power Company of California having applied to the Railroad Commission for permission to issue and sell \$2,500,000.00 of its common capital stock, and the Railroad Commission

being of the opinion that this is a matter in which a public hearing is not necessary and that the money, property or labor to be procured or paid for through such issue and sale is reasonably required 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 Great Western Power Company of California be, and it hereby is, authorized to issue and sell, on or before March 1, 1928, for cash at not less than par 25,000 shares of its common capital stock of the aggregate par value of \$2,500,000.00, for the purpose of reimbursing its treasury and of financing in part the expenditure of \$7,300,678.39 referred to in the foregoing opinion, provided that only such expenditures as are properly chargeable to fixed capital accounts under the uniform classification of accounts prescribed by this Commission be financed with such proceeds and, provided further, that the authority herein granted will not become effective until the Railroad Commission has entered its supplemental order specifying that said company has adopted a form of certificate for such common capital stock as directed by the opinion herein.

IT IS HEREBY FURTHER ORDERED that applicant shall keep such record of the issue and sale of the stock 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.

DATED at San Francisco, California, this 25<sup>th</sup>  
day of October, 1927.

Edward L. ...  
Clarence ...  
Leon Whitall  
John ...  
W. A. ...

Commissioners.