

LBM

Decision No. 19044 .

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHERN CALIFORNIA EDISON COMPANY,)
a corporation, for an order author-)
izing it to purchase 5,000 shares)
of the common stock of Ontario Power)
Company, a corporation.)

Application No. 14134

Roy V. Reppy and E.W. Cunningham,
for applicant.

ORIGINAL

BY THE COMMISSION:

O P I N I O N

Southern California Edison Company in this proceeding asks permission to purchase at \$125.00 per share the outstanding common stock, 5,000 shares, of the Ontario Power Company.

In Exhibit No. 3 the assets and liabilities of the Ontario Power Company as of July 31, 1927 are reported as follows;-

ASSETS:

Organization	\$7,230.51
Water rights	263,000.00
Production capital	291,969.77
Distribution capital	1,081,056.34
General capital	130,099.81
Miscellaneous investment-salvage water	31,250.00
Cash and deposits	23,765.83
Accounts and notes receivable	120,753.81
Materials and supplies	35,585.77
Special sinking funds	2,504.04
Deferred debits	23,400.70
Total assets	<u>\$2,010,616.58</u>

LIABILITIES:

Capital stock-common	\$ 500,000.00
Capital stock-preferred	475,000.00
Bonds payable	234,000.00
6% general and refunding mortgage bonds . .	250,000.00
5 1/2% " " " " " " " " " " " " " "	150,000.00
Serial notes payable	1,500.00
Notes payable	28,300.00
Accounts payable	8,702.42
Consumers' deposits	3,006.32
Taxes accrued	33,260.26
Interest accrued	2,864.56
Unamortized premium on debt	120.00
Deferred credits	637.89
Depreciation reserve	256,431.06
Extraordinary repair reserve	3,521.31
Unappropriated surplus	65,272.76
Total liabilities	<u>\$2,010,616.58</u>

The common stock of Ontario Power Company is owned by San Antonio Water Company. As part of the transaction and incident to the sale of the common stock to the Southern California Edison Company, the San Antonio Water Company will convey a certain ten acre parcel of land, together with a flow of one inch of water for use on such land, to the Edison Securities Company, a subsidiary of applicant. The San Antonio Water Company also agrees as part of the sale, to purchase from the Ontario Power Company at a price of \$30,000.00 the flow of 25 inches of water now owned by Ontario Power Company, but in no way used by it in connection with the service of electric energy to its various consumers.

Applicant desires permission to purchase the common stock of the Ontario Power Company for the purpose of obtaining control of such company and its operations. It reports that upon securing control of the Ontario Power Company through the purchase of the common stock, it desires and proposes to operate the public utility property of the Ontario Power Company in connection with its electric generating and distributing system. However, the present rates, rules and regulations will be continued in effect, until such time as permission is secured to change the same. This application does not involve the transfer of the properties of Ontario Power Company.

Ontario Power Company, according to the record, generates approximately forty percent of the electric energy which it distributes. The remainder of its electric energy is purchased from the Southern California Edison Company. Exhibit No. 1 shows that there is some duplication, both in the transmission and distribution systems of the Southern California Edison Company and Ontario Power Company. Upon the eventual consolidation of the two systems the duplication of lines will be eliminated. Pending the transfer of the properties of Ontario Power Company there will be no further duplicate lines constructed and service will be furnished from those lines which are most economically situated.

While the order herein will permit the Southern California Edison Company to purchase the common stock of Ontario Power Company, it should be understood by the purchaser that we have made no determination of the amount of such purchase price which may be charged to fixed capital accounts at the time the properties of Ontario Power Company are transferred to Southern California Edison Company. As said above, the transfer of the properties of Ontario Power Company is not involved in this proceeding.

O R D E R

Southern California Edison Company, having asked permission to purchase the outstanding common stock of Ontario Power Company, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the acquisition of such stock by Southern California Edison Company is in the public interest, and that this application should be granted, as herein provided,

IT IS HEREBY ORDERED that Southern California Edison Company may purchase and hold 5,000 shares of the common stock of Ontario Power Company upon the terms and conditions set forth in the opinion which precedes this order,

IT IS HEREBY FURTHER ORDERED that within thirty days after the purchase of said stock of Ontario Power Company, Southern California Edison Company shall file with the Commission a state-

ment showing the date on which it acquired said stock and the consideration paid therefor.

DATED at San Francisco, California, this 14th day of
November, 1927.

Eugene Deeds
Clarence
Leon White
David R. Smith
M. J. Lee
Commissioners.