

\$2,100,000.00 of stock, divided into such classes as applicant may determine, to pay the estimated cost of its Buck's Creek Power Plant and Project, more particularly described in exhibits filed in Application No. 11414. The company elected to issue \$1,000,000.00 of Class "A" seven percent preferred stock, \$1,000,000.00 of Class "B" seven percent preferred stock, and \$100,000.00 of common stock.

The Feather River Power Company has an authorized stock issue of \$4,000,000.00 divided into \$1,000,000.00 of common, \$2,000,000.00 of Class "B" seven percent preferred, and \$1,000,000.00 of Class "A" seven percent cumulative preferred. The amount of stock and bonds outstanding is shown in the following balance sheet which is as of November 1, 1927;-

A S S E T S

Organization	\$300.00
Construction cost Buck's Creek project to date paid on account of general construction contract dated October 30, 1925	5,765,641.23
Paid account organization and engineering prior to commencement of work	84,385.00
Interest paid by corporation from bond proceeds . .	268,583.00
Due and payable out of unsold stock proceeds . .	391,880.43
Cash	805,812.17
In hands of trustee	\$805,775.77
In bank balance from Decision No. 15672	<u>36.40</u>
Discounts	769,380.00
Class A preferred stock	\$100,000.00
Class B preferred stock	100,000.00
Common stock	19,380.00
Six percent serial bonds	<u>550,000.00</u>
Total assets	<u>\$8,085,980.43</u>

L I A B I L I T I E S

Class A preferred stock outstanding	\$1,000,000.00
Class B " " " "	1,000,000.00
Common stock outstanding	194,100.00
First mortgage six percent serial gold bonds . . .	5,500,000.00
Construction deficit to be met from proceeds of stock sales when authorized	391,880.43
Total liabilities	<u>\$8,085,980.43</u>

The cash (\$805,775.77) in the hands of the trustee represents proceeds from the sale of bonds, and is available to pay the cost of applicant's project. While applicant's balance sheet shows the discount on its bonds and stock, it does not include under such discount the expenses incurred in connection with the bond issue. If such expenses are included in the amount paid to the contractor they should, when the cost of the plant is distributed to fixed capital accounts, be transferred to debt discount and expense in accordance with the uniform system of accounts for electrical corporations.

R. C. Storrie and Company have agreed to build applicant's hydroelectric plant at a cost of \$7,691,889.00. A copy of the revised contract between Feather River Power Company and R.C.Storrie and Company is on file in Appl'n No. 11414. It is alleged that R.C.Storrie and Company have expended up to October 31, 1927 \$7,021,437.40. According to applicant's balance sheet it has paid R. C. Storrie and Company \$5,765,641.23. From the evidence submitted, we are not satisfied that there has been actually expended on this project \$7,021,437.40, and while a statement of the expenditures of R.C. Storrie and Company has been filed in this proceeding, it should not be concluded that by referring to such statement of expenditures that the Commission approved the same.

The evidence submitted shows that the cost of applicant's hydroelectric project will exceed the original estimate, and likewise the contract price. The reasons for the additional cost are, first, due to the changes in the design of the hydroelectric plant and appurtenances, and, second, to unforeseen difficulties in construction which lengthened the construction period. We do not believe that it is necessary to comment in detail upon the added costs. At this time the company states that it is merely asking authority to issue sufficient additional stock to cover the contract price, namely, \$7,691,889. The Commission has heretofore authorized applicant to issue \$5,500,000. of bonds and \$2,100,000. of stock. This order provides that such

bonds and stock shall be sold for not less than 90, netting the company \$6,850,000.00 or \$851,889.00 less than the contract price. The reasons for not authorizing securities sufficient to cover the contract price are set forth in Decision No. 15394.

In Application No. 14287 the company asks permission to issue \$1,245,000.00 of stock which, added to the stock and bonds heretofore authorized, makes a total of \$8,845,000.00. If that amount of securities is sold at ninety the proceeds amount to \$7,960,500.00 or \$268,611. more than the contract price. To realize the \$851,889.00 mentioned through stock sold at ninety calls for an additional issue of \$946,600. This additional issue, we believe, should be represented by \$792,700. of common and \$153,900. of Class "B" cumulative preferred. By authorizing the issue of the additional stock we do not approve the costs of applicant's project as reported in Exhibit "A" and Exhibit "C" filed in Application No. 14287.

Applicant's request in Application No. 14303 to issue \$13,200.00 of stock to pay organization expenses will be granted.

ORDER

Feather River Power Company having asked permission to issue \$1,258,200.00 of stock, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of \$959,700.00 of stock is reasonably required for the purposes herein indicated and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income, and that Application No. 14287 insofar as it involves the issue of \$298,500.00 of stock should be dismissed without prejudice, therefore,

IT IS HEREBY ORDERED as follows;-

1. Feather River Power Company may issue and sell at not less than par \$13,200.00 of common stock for the purposes set forth in Application No. 14303.

2. Feather River Power Company may issue and sell at not less than 90 percent of its par value \$792,700.00 of common stock and \$153,900.00 of seven percent cumulative Class "B" preferred stock and use the proceeds to pay in part the cost of constructing its Buck's Creek power project and plant, referred to in this proceeding.

3. Application No. 14287 insofar as it involves the issue of \$298,500.00 of stock be, and the same is hereby, dismissed without prejudice.

4. Feather River Power Company shall keep such record of the issue, sale and delivery 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.

5. The authority herein granted to issue stock will become effective upon the date hereof.

DATED at San Francisco, California, this 26th day of January, 1928.

C. Seaver

Thos. S. Rautava

W. J. Curran

Commissioners.