

LEW

ORIGINAL

Decision No. 19412.

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 2,000 shares of) Application No. 14332
 the common capital stock of the Ojai)
 Power Company, a corporation.)

Gail C. Larkin, for applicant.

BY THE COMMISSION:

O P I N I O N

The Southern California Edison Company asks permission to purchase all of the outstanding capital stock of the Ojai Power Company upon the terms and conditions hereinafter set forth.

The Ojai Power Company has an authorized capital stock of \$200,000. divided into 2,000 shares of the par value of \$100. each. It is reported that the company has issued and outstanding 1905 shares(\$190,500.00 par value) of its common capital stock and that it has a subscription for one additional share of stock which has not yet been issued. The company as of December 31, 1927, reports assets and liabilities as follows;-

ASSETS:-

Electric properties	\$152,936.47	
Water properties	<u>51,535.80</u>	\$204,472.27
Cash		15,600.56
Materials and supplies		4,538.69
Accounts receivable		3,023.70
Miscellaneous investments		2,200.00
Work in progress		220.49
Prepayments		<u>360.06</u>
Total assets.....		<u>\$230,415.77</u>

LIABILITIES:

Capital stock	\$190,500.00
Stock subscriptions	17.50
Consumers' deposits	977.48
Consumers' advances	4,070.40
Accounts payable	2,641.34
Accruals	388.36
Depreciation reserve	6,059.69
Miscellaneous reserves	412.05
Deferred credits	551.39
Surplus	<u>24,797.56</u>

Total liabilities..... \$230,415.77

The record shows that applicant, Southern California Edison Company, has been offered a majority of the outstanding stock of Ojai Power Company, provided applicant issue to the holders of such stock six shares of its Series "C" five and one half percent stock of the par value of \$25. per share for each share of the common capital stock of Ojai Power Company of the par value of \$100. per share; and provided further, that applicant, Southern California Edison Company, agree to pay to the minority stockholders of the Ojai Power Company who should be unwilling to exchange their stock, \$144.00 cash for each share of the stock held by such stockholders.

It will be noted that the consideration to be paid for the stock of the Ojai Power Company is substantially in excess of the cost of that company's properties, as shown by its balance sheet. It does not appear to us to be in the public interest to permit applicant to issue \$300,000.00 par value of its five and one half percent preferred stock to acquire \$200,000.00 of common stock of the Ojai Power Company. It may, if it so desires, pay \$144.00 per share cash for such stock, but if such sum or a lesser amount is paid for the stock, not more than \$113.00 per share may be charged to an asset account or capitalized through security issues. The difference between the purchase price and \$113.00 per share must be charged by the purchaser to Account 508, miscellaneous debits to profit and loss.

O R D E R

Southern California Edison Company, having asked permission to purchase the authorized, issued and outstanding stock of Ojai Power Company, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the acquisition of such stock by the Southern California Edison Company is in the public interest, provided such stock is acquired under the terms and conditions of this order, therefore,

IT IS HEREBY ORDERED that the Southern California Edison Company may, on or before July 1, 1928, acquire the authorized, issued and outstanding common stock of the Ojai Power Company at not more than \$144. per share, provided that not more than \$113. of the purchase price per share may be charged to an asset account or capitalized through the issue of securities, and that the difference between the purchase price per share and said \$113. per share must be charged to Account 508, miscellaneous debits to profit and loss.

IT IS HEREBY FURTHER ORDERED that within thirty days after the purchase of such stock of Ojai Power Company, Southern California Edison Company shall file with the Railroad Commission a statement showing the names of the persons from whom stock of Ojai Power Company was acquired and the price paid per share.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective ten days after the date hereof.

DATED at San Francisco, California, this 25th day of February, 1928.

Leon Whidell
C. Seaver
Thos. D. Roubert
M. J. [unclear]
Commissioners