

LSM

Decision No. 19504

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
THE CALIFORNIA OREGON POWER COMPANY)
for an order of the Railroad Commis-)
sion of the State of California, auth-) Application No. 14419
orizing the issuance and sale of stock.)

Brobeck, Phleger and Harrison,
by H. E. Phleger and T.R.Meyer,
for applicant.

ORIGINAL

BY THE COMMISSION:

O P I N I O N

In the above entitled application, as amended at the public hearing held before Examiner Fankhauser, The California Oregon Power Company asks the Railroad Commission to make an order authorizing it to issue and sell 15,000 shares of its six percent preferred stock, series of 1927, of the aggregate par value of \$1,500,000., at not less than \$99. a share and to use \$5. per share of stock sold to pay commissions and expenses incident to the sale of stock and to use the remaining proceeds to finance, in part, the cost of new construction and additions to and betterments of its plants and properties during the year 1928.

The California Oregon Power Company has an authorized capital stock of \$30,000,000., consisting of 300,000 shares of the par value of \$100. each, divided into \$15,000,000. of common stock, \$4,420,000. of seven percent cumulative preferred stock, \$1,000,000.

of six percent cumulative preferred stock, and \$9,580,000. of six percent cumulative preferred stock, series of 1927, which is callable at 110. The outstanding stock, as of December 31, 1927, is reported as follows:-

Common stock	\$4,441,100.
Seven percent preferred stock	4,340,200.
Six percent preferred stock	987,300.
Six percent preferred stock, series of 1927	<u>853,200.</u>
Total.....	<u>\$10,621,800.</u>

The Commission heretofore has authorized the issue of all the authorized seven percent and six percent preferred stocks, other than series of 1927, although not all of such stocks as yet have been issued. It has also, by Decision No. 18962, dated October 25, 1927, authorized the issue and sale of \$1,500,000. of the six percent preferred stock, series of 1927, which, according to the testimony herein, while not yet actually issued, has all been sold, at prices ranging from \$96. to \$99. a share. The company reports that it is necessary for it to sell additional stock to meet its capital requirements.

In support of the request to sell additional stock the company, in its Exhibit No. 1, estimates its capital expenditures for the year 1928 as follows:-

To complete Prospect hydroelectric plant	\$504,386.
To complete transmission line-Prospect to Copco	239,539.
Miscellaneous additions and betterments, line extensions, etc	<u>1,179,122.</u>
Total.....	<u>\$1,923,047.</u>

It proposes to obtain the funds for its construction program from the following sources:-

From sale, at 94, of the \$1,500,000 of preferred stock referred to in this application	\$1,410,000.
Less estimated installment contracts outstanding on December 31, 1928	<u>235,000.</u> \$1,175,000.
From subscribers to capital stock on install- ment contracts outstanding on Jan. 1, 1928.	332,000.
From preferred stock authorized by former de- cisions and unsold on Jan. 1, 1928	231,000.
From accrual in depreciation reserve	192,000.
Total.....	<u>\$1,930,000.</u>

O R D E R

The California Oregon Power Company having applied to the Railroad Commission for permission to issue and sell \$1,500,000. of stock, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue is reasonably required for the purpose specified herein, and that the expenditures for the purposes herein authorized are not in whole or in part reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that The California Oregon Power Company be, and it is hereby, authorized to issue and sell, on or before December 31, 1928, at not less than \$99. per share, 15,000 shares of its six percent preferred stock, series of 1927, of the aggregate par value of \$1,500,000., and to use, if necessary, an amount not exceeding \$5.00 per share of stock sold to pay commissions and expenses incident to the sale of the stock, and to use the remaining proceeds, and such portion of the \$5.00/^{not} needed to pay commissions and expenses incident to the sale of stock, to finance in part the cost of the new construction and the additions to and betterments of its plants and properties during the year 1928, referred to in the foregoing opinion.

The authority herein granted is subject to the following conditions;-

1. Only such expenditures as are properly chargeable to fixed capital accounts under the Uniform Systems of Accounts prescribed by this Commission may be financed with the proceeds from the sale of the stock herein authorized to be issued and sold.

2. 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.

3. The authority herein granted will become effective upon the filing of a written acceptance of such authority.

DATED at San Francisco, California, this 21st day of March, 1928.

C. Seaman

John S. Ratti

M. J. Lee

Commissioners.