

Decision No. 21135

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
Commission of the State of
California, authorizing the issu-
ance and sale of stock.)

Application No. 15579.

Brobeck, Phleger & Harrison,
by H. H. Phleger, for applicant.

BY THE COMMISSION:

ORIGINAL

O P I N I O N

In this proceeding The California Oregon Power Company asks the Railroad Commission to make its order authorizing it to issue \$1,665,100.00 of its six percent preferred stock, series of 1927, in exchange for \$1,665,100.00 of seven percent preferred stock now outstanding, and to issue and sell at par for cash, \$1,500,000.00 of its common capital stock for the purpose of financing the cost of new construction and of additions to and betterments of its plants and properties.

The California Oregon Power Company is a corporation organized on or about October 16, 1920 under the laws of the State of California and at present engaged as a public utility in the business of generating electric energy and distributing it in the Counties of Jackson, Josephine, Klamath and Douglas in Oregon, and

in the Counties of Siskiyou, Shasta and Trinity in California, and in developing, storing, selling and distributing water for domestic, commercial and municipal purposes in the Cities of Klamath Falls and Roseburg, Oregon, and in the Town of Dunsmuir, California. The corporation has an authorized capital stock of \$30,000,000.00 of which \$12,327,200.00 is now outstanding. The classes of stock authorized and the amounts of each outstanding as of February 28, 1929 are reported as follows:-

<u>CLASS OF STOCK</u>	<u>AUTHORIZED</u>	<u>OUTSTANDING</u>
Common	\$15,000,000	\$ 4,441,100
Seven percent preferred, non-callable	4,420,000	4,383,000
Six percent preferred, non-callable.	1,000,000	1,000,000
Six percent preferred, series of 1927, callable at 110.	9,580,000	2,503,100
Total	\$30,000,000	\$12,327,200

All of the outstanding stock was issued under authority granted by this Commission. Of such stock all of the outstanding common stock - \$4,441,100 par value - and \$1,665,100.00 of the seven percent preferred stock is held by California Power Corporation and it is reported that that corporation has agreed to surrender all of its seven percent preferred stock for a like amount of six percent preferred stock, series of 1927, on a basis of par for par and for no other consideration. This exchange will result in savings in applicant's dividend requirements of \$16,651.00 annually.

It appears that California Power Company is controlled through stock ownership by Standard Gas and Electric Company. The latter company has agreed to purchase at par for cash

\$1,500,000.00 of applicant's common stock to enable applicant to meet in part its construction requirements during 1929. These are reported in Exhibit "E" as follows:-

Hydro development	\$182,268
Electric transmission	296,593
Electric substations.	150,611
Electric distribution	571,367
Street lighting	14,650
Water plants and storage.	28,335
Water distribution.	106,076
Office and miscellaneous buildings.	18,585
Office equipment.	9,660
Transportation equipment.	21,781
Tools and instruments	9,618
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Total	\$1,409,544
Transmission line from Roseburg, Oregon to Marshfield, Oregon.	550,000
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Total	<u><u>\$1,959,544</u></u>

The issue of additional stock seems necessary to enable the company to meet in part its capital requirements and the order herein will so provide. Such order, however, is not to be construed as an approval of all the expenditures referred to in this proceeding or an approval of any expenditures for any purpose other than this proceeding.

ORDER

The California Oregon Power Company having applied to the Railroad Commission for permission to issue stock, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the issue of such stock is reasonably required for the purposes specified herein,

which purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that The California Oregon Power Company be, and it hereby is, authorized to issue to California Power Corporation \$1,665,100.00 of its six percent preferred stock, series of 1927, in exchange for \$1,665,100.00 of applicant's seven percent preferred stock now held by California Power Corporation, such exchange to be on a basis of par for par.

IT IS HEREBY FURTHER ORDERED that The California Oregon Power Company be, and it hereby is, authorized to issue and sell, for cash, at not less than par, \$1,500,000.00 of its common capital stock and to use the proceeds to finance in part the cost of its new construction, additions and betterments during 1929, referred to in Exhibit "E" filed in this proceeding.

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

1. Applicant shall keep such record of the issue 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.

2. The authority herein granted will become effective upon the date hereof. Under such authority no stock may be issued after February 28, 1930.

DATED at San Francisco, California, this 2nd day of May, 1929.

Paul D. Louder
Ch. Seamy
Edward G. ...
Leon Whitehall
W. J. ...

Commissioners