

Decision No. 10756-

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of }
ONTARIO POWER COMPANY for an order }
authorizing the issue of seven per }
cent. preferred stock. }

Application No. 8029.

Glenn D. Smith for Applicant.

BY THE COMMISSION.

O P I N I O N

Ontario Power Company asks permission to issue and sell at not less than par 410 shares (\$41,000.00 par value) of its 7 per cent. preferred stock for the purpose of financing construction expenditures from February 1, 1922 to May 31, 1922.

A hearing was had on this application before Examiner Westover at Los Angeles on July 20th.

Ontario Power Company has an authorized stock issue of \$1,500,000, divided into \$900,000 of common and \$600,000 of 7 per cent. preferred. Of the common stock \$380,000, and of the preferred stock \$244,220, par value was outstanding on May 31, 1922. Applicant's funded debt as of the same date is reported at \$406,000, consisting of \$274,000 of first mortgage 5 per cent. bonds, \$72,000 of 7 per cent. serial gold notes, and \$60,000 of 7 per cent. trust notes. Its notes payable as of the date of the hearing on this application are reported at \$34,000. Its accounts payable are only of a nominal amount.

For 1921 applicant reports gross operating revenues of \$266,371.79, and operating expenses, including taxes and charges

for depreciation, amounting to \$184,761.02, leaving net operating revenues of \$81,610.77. After taking into account applicant's non-operating income and deducting its interest charges, applicant had available for the distribution of dividends and other surplus deductions, the sum of \$62,319.65. During 1921, it declared dividends amounting to \$41,848.06; of this amount, \$11,548.06 was paid to the holders of preferred stock and the remainder to the holders of common stock.

Applicant reports that from February 1, 1922 to May 31, 1922, it expended for additions and betterments the sum of \$41,656.91. This sum was expended for the following purposes:

Substation equipment,	\$2276.54
Transformers,	4504.85
Meters,	2045.00
Motor vehicles,	5888.44
Pole line construction,	<u>26942.08</u>
	\$41,656.91

Further detail of applicant's construction expenditures is set forth in exhibits filed in this proceeding.

Glenn D. Smith, applicant's general manager, testified that the company had already received subscriptions for \$9000 of the stock. In his opinion, the company can readily sell the \$41,000 of stock to present consumers with little or no expense to the company.

ORDER

Ontario Power Company having applied to the Railroad Commission for permission to issue and sell \$41,000 of its 7 per cent. cumulative preferred stock, a public hearing having been held, and the Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant, and that this application

should be granted as herein provided,

IT IS HEREBY ORDERED that Ontario Power Company be, and it is hereby, authorized to issue and sell, on or before June 30, 1923, for cash, at not less than par, 410 shares (\$41,000 par value) of its 7 per cent. cumulative preferred stock, and to use the proceeds to reimburse its treasury in part on account of earnings expended for the construction of additions and betterments from February 1, 1922 to May 31, 1922, and to pay indebtedness incurred for the purpose of securing money to pay for the construction and betterments from February 1, 1922 to May 31, 1922; provided,

That applicant will 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, in so far as applicable, is made a part of this order.

Dated at San Francisco, California, this 21st day of July, 1922.

H. B. Bunnice
Harry Martin
Chas. H. Jones
J. J. [Signature]
Commissioners.