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ORIGINAL

Decision No. 1806

Decision No. _____

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
 of SOUTHERN CALIFORNIA EDISON)
 COMPANY to purchase certain pre-)
 ferred and common capital stock)
 of VENTURA COUNTY POWER COMPANY,)
 and to acquire the business, fran-)
 chises and property as a whole)
 of VENTURA COUNTY POWER COMPANY,)
 and the application of VENTURA)
 COUNTY POWER COMPANY to sell and)
 convey its business, franchises)
 and property as a whole to)
 SOUTHERN CALIFORNIA EDISON COMPANY.)

Application No, 3152

H. H. Trowbridge, for applicants.

BY THE COMMISSION.

O P I N I O N

This is an application of Southern California Edison Company, hereinafter called "Edison Company", for authority to purchase 90.3 shares of preferred stock and 15.6 shares of common stock of Ventura County Power Company, hereinafter called "Ventura Company", for \$5,053.95. Edison Company also asks for authority to acquire the business, franchises and property as a whole of Ventura Company. The latter company joins in the application.

A public hearing in this matter was held before Examiner Encell at Ventura on October 23, 1917.

Ventura County Power Company was incorporated August 22, 1906, for the purpose of acquiring and consolidating the properties of Ventura Water, Light and Power Company, Oxnard Light and Water Company and Santa Paula Electric Company. It has an authorized capital stock issue of \$2,500,000.00 divided into 10,000 shares of preferred and 15,000 shares of common stock of the par value of \$100.00 per share. Of this stock 3,507.8 shares of preferred and 7,060.6 shares of common stock are now outstanding. Pursuant to the authority granted by Decision Number 4332, dated May 22, 1917, (Application Number 2651), Southern California Edison Company has acquired 3,417 $\frac{1}{2}$ shares of the outstanding preferred stock and 7,045 shares of the outstanding common stock of Ventura Company. The stock which Edison Company now desires to purchase represents the balance of the outstanding stock of Ventura Company. Edison Company reports that parties acting on its behalf have been obliged to pay \$5,053.95 for the Ventura Company stock which it now desires to acquire.

In connection with Application Number 2651 Arthur R. Kelley, testified for the Edison Company that the investment cost of the properties of Ventura Company as of April 30, 1916 was the sum of \$1,263,000.00. At the hearing in the present application, witness for Edison Company testified that the additions and betterments made between the date of the Kelley valuation and August 31, 1917 would increase this figure to \$1,338,523.61. In order to show the equity over all indebtedness applicants filed as Exhibit No. 1 a statement purporting to show investment cost of property and equity over debts

as of August 31, 1917. This statement may be summarized as follows:-

VENTURA COUNTY POWER COMPANY

* *

Investment Cost of Property and Equity
Over Debts as of August 31, 1917

* *

(From Applicants' Exhibit No.1)

Total Fixed Capital	\$1,338,523.61	
Securities Owned	625.00	
Current Assets	87,352.70	
Deferred charges.	<u>10,757.20</u>	
 Total properties.		 \$1,437,258.51
 Bonds	 883,500.00	
Current Liabilities	<u>205,021.54</u>	
 Total bonds and debt.		 <u>\$1,088,521.54</u>
 Excess of investment cost over debts.		 <u>\$ 348,736.97</u>

If allowed to acquire the properties of Ventura Company, Edison Company will assume all the indebtedness of Ventura Company. This includes current liabilities which as shown by the above statement amounted on August 31, 1917 to \$205,021.54 and the following outstanding bonds:-

Ventura Light and Power Company, 6 per cent bonds, dated July 9, 1901 and maturing May 1, 1921\$ 175,500.00
 Ventura County Power Company, 6 per cent bonds, dated November 1, 1906 and maturing November 1, 1936		 <u>708,000.00</u>
 Total\$ 883,500.00

Applicants also presented at the hearing as Exhibit No. 2 a comparative earning statement for the twelve months ending August 31, 1916-1917. This statement may be summarized as follows:-

	<u>1917</u>	<u>1916</u>
Operating Revenues	\$260,899.53	\$223,277.43
Operating Expenses	<u>168,444.72</u>	<u>147,207.57</u>
	\$ 92,454.81	\$ 76,069.86
Less uncollectible bills	1,239.45	945.65
Net Operating Revenue	<u>\$ 91,215.36</u>	<u>\$ 75,124.21</u>
Non-operating Revenue	<u>7,315.89</u>	<u>164.94</u>
Total Net Income	\$ 98,531.25	\$ 75,289.15
Deductions: (bond interest etc.)	<u>\$ 55,532.31</u>	<u>\$ 56,501.29</u>
Balance for depreciation and surplus	<u>\$ 42,998.94</u>	<u>\$ 18,787.86</u>

It appears from the evidence presented at the hearing that the consolidation of the properties of Ventura Company with those of Edison Company will result in better and more efficient service to the public and a considerable saving in the costs of operation and the acquiring of new capital.

O R D E R

SOUTHERN CALIFORNIA EDISON COMPANY having applied to the Railroad Commission for authority to purchase 90.3 shares of preferred and 15.6 shares of common stock of Ventura County Power Company for a total consideration of \$5,053.95, and for authority to acquire all of the business, franchises and property as a whole of Ventura County Power Company, and the latter company having joined in the application;

And a public hearing having been held;

And it appearing to this Commission that applicants' request is reasonable and should be granted;

IT IS HEREBY ORDERED that Southern California Edison Company be and it is hereby authorized to purchase 90.3 shares of preferred stock and 15.6 shares of common stock of Ventura County Power Company for \$5,053.95;

IT IS HEREBY FURTHER ORDERED that Ventura County Power Company be and it is hereby granted authority to transfer to Southern California Edison Company all of its business, franchises and property as a whole.

For a description of the property hereby authorized to be transferred reference is had to the detailed description thereof attached to the application herein, marked Exhibit "C" and filed in these proceedings.

The authority herein granted is granted upon the following conditions and not otherwise:-

1.-Southern California Edison Company shall assume the payment of all outstanding debts and obligations of Ventura County Power Company.

2.-Southern California Edison Company shall report all transactions had under this order within thirty days from the date thereof.

3.-The price at which Southern California Edison Company is authorized to purchase the stock of Ventura County Power Company shall not be binding upon this Commission or any other public body as representing the value of the properties of Ventura County Power Company for rate making or other purposes.

4.-This order shall not become effective until Southern California Edison Company shall have

filed with the Railroad Commission a stipulation duly authorized by its Board of Directors declaring that Southern California Edison Company, its successors and assigns, will never claim before the Railroad Commission or any court or other public body a value for the franchises herein authorized to be acquired by said Southern California Edison Company in excess of the cost of such franchises to the original grantee or grantees, which cost shall be set forth in the stipulation and shall have received from the Railroad Commission a supplemental order declaring that such stipulation has been filed in form satisfactory to the Railroad Commission.

Dated at San Francisco, California, this 31st
day of October, 1917.

Max Shelton
H. D. Howard
W. H. Gordon

Commissioners.