

Decision No. 7376

CONFIDENTIAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application)
of ONTARIO POWER COMPANY, for an) Application No. 5472.
order authorizing the issue of 7%)
preferred stock.)

Glenn D. Smith, for Applicant.

EDGERTON, Commissioner.

O P I N I O N.

ONTARIO POWER COMPANY asks permission to issue at par \$74,000.00 of its 7% cumulative preferred stock.

Applicant reports \$360,000.00 of common stock, \$280,000.00 of bonds, \$84,000.00 of serial notes and \$24,000.00 of short term notes outstanding. For 1917 its operating revenues are reported at \$128,489.90, for 1918 at \$132,186.10 and for 1919 at \$159,360.52. After paying operating expenses, taxes, interest, and allowing \$15,000.00 for depreciation, applicant's net income is reported at \$43,783.95 in 1917, at \$38,974.72 in 1918, and at \$31,459.73 in 1919.

Applicant owns two hydroelectric generating plants, having a rated generating capacity of 1,250 K.V.A. It also purchases electrical energy from Southern California Edison Company.

Applicant reports actual or estimated expenditures for permanent improvements as follows:-

Actual expenditures from Jan. 1, 1919 to Feb. 28, 1920	\$54,413.39
Estimated cost of line extensions proposed to take care of new consumers whose applications have been accepted	16,183.81
Estimated cost of transformers required to serve pumping load	10,720.00
Estimated materials and supplies required for new extensions to meet the normal demand for domestic service	<u>25,424.60</u>
T o t a l	\$106,741.80
LESS 20% of cost which applicant intends to pay out of income	<u>21,348.36</u>
B a l a n c e	\$ 85,393.44
LESS expenditures paid through issue of serial notes authorized by the Railroad Commission	<u>11,000.00</u>
B a l a n c e	\$ 74,393.44
LESS expenditures paid through issue of short term notes	<u>\$ 24,000.00</u>
Leaving expenditures unprovided for	<u><u>\$50,393.44</u></u>

Applicant asks permission to issue and sell at par \$74,000.00 of its 7% cumulative preferred stock and use the proceeds to pay the \$24,000.00 of short term notes and provide itself with moneys necessary to pay the \$50,393.44 of construction expenditures. The record shows that the \$24,000.00 obtained through the issue of short term notes was used to pay for the construction of permanent additions and betterments to applicant's plant.

Glenn D. Smith, general manager of Ontario Power Company, testified that in his opinion the company would encounter no difficulty in selling the \$74,000.00 of stock at par.

I herewith submit the following form of Order.

O R D E R.

ONTARIO POWER COMPANY, having applied to the Railroad Commission for permission to issue \$74,000.00 of its 7% cumulative preferred stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue, is reasonably required for the purpose or purposes specified in this order, and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that Ontario Power Company be and it is hereby authorized to issue and sell on or before October 31, 1920 for not less than par, \$74,000.00 of its 7% cumulative preferred stock and use the proceeds obtained from the sale of such stock to pay the \$24,000.00 of notes referred to in the petition herein and pay in part for the construction of the extensions, additions and betterments referred to in the foregoing opinion and in this petition, provided that Ontario Power Company 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.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 5th of April, 1920.

Edwin C. Edgerton

H. H. Loveland

Frank R. Deane

H. B. Mudge

James M. Watson

Commissioners.