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ORIGINAL

Decision No. 7634.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of)	
GREAT WESTERN POWER COMPANY OF CALIFORNIA)	
for an order authorizing the issue and)	<u>Application Number 5631.</u>
sale of \$1,500,000.00 par value of pre-)	
ferred stock.)	

Guy C. Earl and Chaffee E. Hall for applicant.

DEVLEE, Commissioner.

O P I N I O N.

GREAT WESTERN POWER COMPANY OF CALIFORNIA asks permission to issue \$1,500,000.00 of its 7 per cent preferred stock to enable it to complete its so-called Caribou Development.

In a former proceeding before this Commission, -Application Number 4395,- the estimated cost of the Caribou Development was reported at \$4,321,430.00. Mr. S.L. Shuffleton, western manager for firm of Stone and Webster, who is in charge of the construction work, estimates the final cost at \$6,246,100.00, or at \$1,924,670.00 more than heretofore reported to the Commission.

The increase in the estimated cost, applicant reports is caused by an increase of approximately 20 per cent in the cost of labor and material, by unexpected and unforeseeable difficulties encountered in the construction of Tunnel No. 1; by an increase in the capacity of the generating machinery from 40,000 K.V.A. to 44,444 K.V.A. and by an increase in the size of the power house from a size sufficient to accommodate two 20,000 K.V.A. units to a size sufficient to accommodate

three 22,222 K.V.A. units.

Applicant reports that, subject to the approval of the Railroad Commission, it has entered into an agreement, Exhibit "A", with certain persons, firms and corporations for the ultimate sale of \$1,500,000.00 of its 7 per cent preferred stock, for the immediate underwriting of the stock, and obtaining loans on the underwriting agreement. The agreement in effect provides for the sale of the stock at 92½ and accrued dividends, less a 5% commission, netting the company 87½ and accrued dividends. The company agrees to use its best efforts to sell the stock as soon as possible and prior to September 1, 1921, but reserves the right to call upon the underwriters to pay for the stock on or after April 1, 1921, and not later than September 1, 1921. To enable applicant, pending the sale of the stock, to borrow money to continue its construction work, each underwriter or subscriber shall execute a "loan agreement and guaranty", fixing his maximum obligation equal in amount to 87½% of the amount of preferred stock opposite his signature. The loans made to the applicant will be evidenced by its one-year 6 per cent promissory notes. Both Mr. Mortimer Fleishhacker, president of Great Western Power Company of California and counsel for applicant, testified and stated that the agreement, Exhibit "A", which the Commission is asked to approve, covers only the sale of the \$1,500,000.00 of stock referred to in this application, and that it does not give the underwriters an option on any additional stock, or obligate the company to sell any additional stock.

I herewith submit the following form of Order:

O R D E R.

GREAT WESTERN POWER COMPANY OF CALIFORNIA having applied to the Railroad Commission for permission to issue \$1,500,000.00 of 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 for the purpose specified in this order and that expenditure 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 GREAT WESTERN POWER COMPANY OF CALIFORNIA be, and it is hereby, authorized to issue \$1,500,000.00 of its 7 per cent cumulative preferred stock.

The authority herein granted is subject to the following conditions:

1.---The stock herein authorized to be issued shall be sold pursuant to the terms of the agreement attached to the petition herein and marked "Exhibit A", which agreement is hereby approved.

2.---All moneys obtained through the execution of the underwriting agreement or the sale of the \$1,500,000.00 of stock herein authorized to be issued by Great Western Power Company of California shall be used to pay in part for the construction of its so-called Caribou Development referred to in this application and in applicant's "Exhibit No. 1".

3.---Within sixty days after the date hereof, Great Western Power Company of California shall file with the Railroad Commission the names and postoffice addresses of each subscriber for stock under the agreement marked "Exhibit A" and the amount of stock subscribed for by each such subscriber, also the names and postoffice addresses of every one who signs the "loan agreement and guaranty" referred to in said "Exhibit A", and maximum obligation of each.

4.--Great Western Power Company of California 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 twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order Number 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 27th day of May, 1920.

Edwin O. Edgerton
H. D. Loveland
Frank R. Johnson
Irving Martin

Commissioners.