

ORIGINAL

Decision No. 7722.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the Matter of the joint application of)
 CALIFORNIA POWER AND MANUFACTURING COMPANY,)
 a corporation, and)
 MT. SEASTA POWER CORPORATION,)
 a corporation, and)
 PACIFIC GAS AND ELECTRIC COMPANY, a corpora-)
 tion, for an order of the Railroad Commis-)
 sion of the State of California authorizing)
 and approving an agreement of sale and autho-)
 rizing an execution and delivery of promiss-)
 sory notes.)

Application
Number
5759.

Charles W. Slack and E.T. Zook for California Power and
 Manufacturing Company;
 Wm. B. Bosley and C.P. Cutton for Mt. Shasta Power Corpo-
 ration and Pacific Gas and Electric Company.

LOVELAND; Commissioner.

O P I N I O N.

In this application, petitioners ask the Railroad Commis-
sion to make its order authorizing:

- 1.-- California Power and Manufacturing Company to sell, transfer
 and convey to Mt. Shasta Power Corporation all of its properties
 described in applicant's Exhibit No. 2;
- 2.-- Mt. Shasta Power Corporation to purchase such property for
 \$110,902.54, subject to the terms and conditions of that certain
 agreement of sale dated March 1, 1920, a copy of which is attached
 to the petition herein and marked Exhibit "D";
- 3.-- Mt. Shasta Power Corporation and Pacific Gas and Electric
 Company to issue to California Power and Manufacturing Company
 their two joint and several 6% promissory notes, -one payable on

or before March 1, 1921, and the other, on or before March 1, 1922, each of said notes to be for the principal sum of \$55,451.27.

The record shows that the California Power and Manufacturing Company is engaged in the generation and delivery of electricity for light, heat and power in and about the towns of McArthur and Fall River Mills, Shasta County, California, and that it has a right to use 60 second feet of water through its generating plant on Fall River. The right to use this water is reported to be essential to Mt. Shasta Power Corporation in order to enable it to make the most effective use of its water rights, on the Pitt and Fall Rivers. ~~subsequently~~. California Power and Manufacturing Company has agreed to sell all of its properties, except money in its treasury, notes and accounts receivable, to Mt. Shasta Power Corporation for \$110,902.54. The properties are to be transferred free and clear of all liens and encumbrances, except the lien of taxes for the fiscal years commencing July 1, 1919 and July 1, 1920. The purchasing company agrees to perform all the public utility duties and obligations now resting upon the vendor.

Mt. Shasta Power Corporation is, through stock ownership, controlled by Pacific Gas and Electric Company, which as well as the Mt. Shasta Power Corporation will sign the notes issued in payment for the properties. The \$110,902.54 to be paid for the properties, represents according to the testimony, the original cost plus 6% interest on the investment.

I herewith submit the following form of Order:

O R D E R.

Application having been made to the Railroad Commission for authority to transfer property and issue \$110,902.54 face value of notes, 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 the issue of such notes is reasonably required for the purpose specified in this order and that the expenditures for such purpose are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED, that CALIFORNIA POWER AND MANUFACTURING COMPANY be, and it is hereby, authorized to sell, and MT. SHASTA POWER CORPORATION be, and it is hereby, authorized to purchase for \$110,902.54 all those properties described in applicant's Exhibit No. 2, such sale and purchase to be made pursuant to the terms and conditions of the agreement attached to the petition herein and marked Exhibit "D"; provided --

(1):-- That the consideration at which the public utility properties are herein authorized to be transferred will not be urged as a measure of value of said properties before this Commission, or any other public body, for rate-fixing or any purpose other than the transfer herein authorized.

(2).-- That Mt. Shasta Power Corporation, within thirty days after after the transfer of the properties, file with the Railroad Commission a certified copy of the deed under which it secures the title to the properties.

IT IS HEREBY FURTHER ORDERED, that MT. SHASTA POWER CORPORATION and PACIFIC GAS AND ELECTRIC COMPANY be, and they are hereby, authorized to issue to California Power and Manufacturing Company for the purpose of acquiring said properties, their two joint and several 6 per cent promissory notes dated March 1, 1920, -one maturing on March 1, 1921 and the other on March 1, 1922, -each of said notes to be for the principal sum of \$55,451.27; PROVIDED:

(a).--That Mt. Shasta Power Corporation and Pacific Gas and Electric Company will keep such record of the issue and sale of the notes herein authorized and of the disposition of

the proceeds, as will enable ^{them} 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.

(b).--The authority herein granted will not become effective until the fee prescribed in the Public Utilities Act has been paid.

(c).--The authority herein granted to transfer property and issue notes will apply only to such property as may be transferred and such notes as may be issued on or before November 15, 1920.

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 16th day of June, 1920.

State of California
J. H. [Signature]
JUL 17 1920
[Signature]
BY: [Signature]
Secretary

[Signature]
[Signature]
[Signature]

Commissioners.