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ORIGINAL

Decision No. 8731.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
THE CALIFORNIA OREGON POWER COMPANY,)
a corporation, for an order of the)
Railroad Commission of the State of)
California, authorizing the issuance)
of bonds, the execution of a mortgage)
or deed of trust to secure the same,)
and the execution and delivery of tem-)
porary certificates to be thereafter)
exchanged for said bonds.)

Application
Number
6574.

Morrison, Dunne and Brobeck, by Herman Phleger,
for applicant.

MARTIN, Commissioner.

O P I N I O N.

THE CALIFORNIA OREGON POWER COMPANY asks permission to execute a mortgage, to execute and deliver \$3,000,000.00 of its first and refunding mortgage sinking fund gold bonds, of which \$1,151,000.00 will be reserved to retire a like amount of underlying bonds and to issue and sell at 95 per cent of their face value \$1,849,000.00 of temporary certificates to be exchanged for a like amount of applicant's first and refunding mortgage sinking fund 7½ per cent gold bonds.

In Application No. 6512, applicant asks permission to issue stock; acquire the properties of California-Oregon Power Company and assume the liabilities of that company other than \$4,442,000.00 of outstanding bonds issued by California-Oregon Power Company. It is proposed that the bonds issued by California-Oregon

Power Company, and unpaid interest coupons attached thereto, will be exchanged for stock of applicant. The issue of such stock is covered by the order in Application No. 6512.

Applicant has filed with the Commission a copy of its proposed mortgage. The testimony, however, shows that certain changes may be made in the proposed mortgage and that a revised copy will hereafter be filed. The effective date of this order, in so far as it relates to the issue and delivery of bonds, will be postponed until the Commission has authorized the execution of a mortgage securing the payment of the bonds.

Applicant asks permission to execute and deliver under the new mortgage not exceeding \$3,000,000.00 of bonds. Of the \$3,000,000.00 face amount of bonds, \$1,849,000.00 are to be exchanged for interim certificates which applicant asks permission to sell and the remaining \$1,151,000.00 reserved to retire underlying bonds. No satisfactory showing has been made on which the Commission can base an order authorizing the issue of the \$1,151,000.00 of bonds.

Bonds in the amount of \$1,849,000.00 have been sold by applicant at 95 and accrued interest, subject among others, to the condition that the issue and sale of these bonds are authorized by the Railroad Commission. Pending the issue and delivery of the bonds, applicant intends to issue interim certificates.

Applicant asks permission to use the proceeds from the sale of the \$1,849,000.00 of bonds for the following purposes:

Pay Indebtedness,	\$ 824,900.00
Pay off Interconnection Advance,	\$481,900
Notes Payable,	268,000
Vouchers Payable,	75,000
 Expend for new Construction,	 932,650.00
This money to be used for the following:	
1.--To complete the Link River Dam and make provisions for storage in the Upper Klamath Lake,	\$400,000
2.--To install a power plant on Link River to utilize present water rights and provide im- medistely needed power, ap- proximately,	300,000
3.--Additions to and betterments of the transmission and distribu- tion systems of the company in 1921, estimated at \$300,000, \$145,000 of which will come from Depreciation Reserve and Sinking Fund, approximately, ...	155,000
4.--Engineering and preliminary work at Prospect and engineering and construction at Copco necessary toward the installation of the second unit in an enlargement of the Copco Power Station, and reor- ganization expense, approximately,	77,650
 TOTAL,	 \$1,757,550.00

During 1918 and 1919, the lines of the Northern California Power Company, Consolidated, now the property of Pacific Gas and Electric Company, and those of California-Oregon Power Company were interconnected. The balance due on the cost of this interconnection is reported at \$481,900.00.

Applicant has not filed with the Commission a statement of its reorganization expenses. The order will provide that no part of the proceeds from the sale of the bonds be used to pay such expenses until a detailed statement has been filed and the payment of these expenses authorized by the Commission.

I herewith submit the following form of Order.

O R D E R.

THE CALIFORNIA OREGON POWER COMPANY having applied to the Railroad Commission for permission to execute a mortgage, to execute and deliver \$3,000,000.00 in bonds and to issue and sell \$1,849,000.00 of said bonds, 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 the \$1,849,000.00 of bonds 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 THE CALIFORNIA OREGON POWER COMPANY be, and it is hereby, authorized to issue and sell at not less than 95 per cent of their face value and accrued interest, \$1,849,000.00 of interim certificates and exchange such interim certificates for \$1,849,000.00 of first and refunding sinking fund 7½ per cent gold bonds, the issue of which bonds is hereby authorized.

IT IS HEREBY FURTHER ORDERED, that this application, in so far as it relates to the execution and delivery of \$1,151,000.00 of bonds, is dismissed without prejudice.

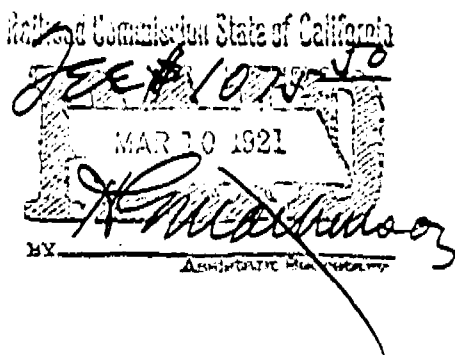
The authority herein granted is subject to the following conditions:

- 1.--None of the \$1,849,000.00 of bonds shall be issued and delivered until the Commission by supplemental order has authorized the execution of a mortgage or trust deed securing the payment of said bonds. Pending the delivery of said bonds, all moneys received from the sale of the interim certificates or from the sale of bonds, shall be deposited with a trustee or trustees under a proper escrow agreement, and after being released, expended only for such purposes as the Commission may authorize in a supplemental order or orders.

- 2.--The authority herein granted will not become effective until applicant has paid the fee prescribed in the Public Utilities Act.
- 3.--The California Oregon Power Company shall keep such record of the issue and sale of the interim certificates or bonds 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.
- 4.--The authority herein granted will apply only to such interim certificates or bonds as may be issued, sold and delivered on or before October 15, 1921.

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 10th day of March, 1921.



Frank D. ...

H. B. ...

James Martin
Charles H. Lowell
 Commissioners.