

DM

Decision No. 7273

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
ONTARIO POWER COMPANY, for an order)
authorizing the issue of 7% preferred)
stock.)

Application Number 6973

ORIGINAL

Glenn D. Smith, for Applicant.

LOVELAND, COMMISSIONER.

O P I N I O N.

ONTARIO POWER COMPANY, in this application, asks permission to issue and sell at not less than par, \$30,000. of its 7% cumulative preferred stock.

The company was organized on or about October 29, 1901, and is at present engaged in the manufacture and distribution of electric energy in and about Ontario and Upland, San Bernardino County. On June 1, 1921 it reported outstanding, \$380,000. of common stock, \$162,000. of preferred stock, \$280,000. of first mortgage bonds, \$78,000. of serial gold notes and \$20,000. of short term notes.

Applicant's annual reports filed with the Commission show its revenues and expenses for the years ending December 31st as follows:-

ITEM	1918	1919	1920
Operating revenues	\$132,186.10 ;	159,360.52 ;	204,277.04
Operating expenses	79,049.14 ;	112,942.06 ;	124,599.54
Net operating revenues . . .	53,136.96 ;	46,418.46 ;	79,677.50
Nonoperating revenues	1,127.26 ;	1,271.01 ;	1,726.61
Gross corporate income	54,264.22 ;	47,689.47 ;	81,404.11
DEDUCTIONS:-			
Uncollectible bills	478.07 ;	18.06 ;	281.40
Interest on funded debt	14,596.20 ;	15,978.34 ;	19,670.00
Miscellaneous	215.23 ;	233.34 ;	633.51
Total deductions . . .	\$15,289.50 ;	\$16,229.74 ;	\$20,584.91
Profit for year	\$38,974.72 ;	\$31,459.73 ;	\$60,819.20

The company reported corporate surplus of \$77,762.22 on December 31, 1918; of \$108,875.52 on December 31, 1919; and of \$141,337.05 on December 31, 1920. Applicant reports that it has expended from income for capital purposes from March 10, 1921 to June 28, 1921, the sum of \$30,853.57, which has not been reimbursed by the issue of stock or bonds. This amount is summarized as follows:-

Line materials and supplies	\$7,797.86
Pole line material	944.53
Pole line labor	1,715.15
Transformers	17,190.49
Meters	3,205.54

Details of these expenditures are reported in Exhibit "A", a copy of which is attached to the petition.

The company asks permission to use the proceeds from the sale of \$30,000. of stock to pay short term notes aggregating \$20,000. and to reimburse its treasury for its reported expenditures. The record shows that the \$20,000. obtained through the issue of the short term notes was used to pay part of the cost of constructing the additions and betterments referred to herein.

I believe the application should be granted, and 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 \$30,000.00 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 June 30, 1922 at not less than par, \$30,000.00 of its 7% cumulative preferred stock and to use the proceeds obtained from the sale of such stock to pay the \$20,000.00 of notes referred to in the petition herein, and to reimburse its treasury for the construction of the extensions, additions and betterments referred to in the foregoing opinion and in this petition, provided that Ontario Power Company 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 27th day of July, 1921.

H. B. Brundage
H. W. Loveland
Waring Martin

Commissioners.