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Decision No. 9274

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of )  
ONTARIO POWER COMPANY for an order ) Application Number 7024.  
authorizing the issue of seven per )  
cent. secured notes. )

Glenn D. Smith, for Applicant.

LOVELAND, COMMISSIONER.

O P I N I O N

In this application, as amended at the hearing, Ontario Power Company asks permission to execute a deed of trust securing an authorized issue of \$60,000.00 of 7 percent. notes, and to issue at this time, \$15,500.00 of such notes at par.

The company proposes to use the \$15,500.00 to be received from the issue of the notes to pay the purchase price of certain properties described in the petition as follows:-

"Lot 5, Block 4, and Lots 1, 2 and 18, Block 20, San Antonio Heights Tract, (Ontario, California); the steel pipe line from the north part of Lot 8, Block 36, to the south line of Lot 1, Block 20, San Antonio Heights Tract, and the power rights formerly owned by Pacific Electric Company."

It is the intention of Ontario Power Company hereafter to extend its pressure line from Lot 1, Block 20, to Lot 5, Block 4, and to construct on Lot 5, a remote control power house. These proposed extensions are reported to be necessary to adequately take care of business needs.

The steel pipe to be purchased consists of 1609 feet of 22-inch steel pipe, together with concrete water boxes. This pipe was formerly used by Pacific Electric Company, but is not at present in service. The record shows that the pipe is in good condition and can be advantageously used by applicant.

The power rights consist of the right to take 420 miners inches of water from San Antonio Creek during the months of January, February and March and not exceeding 700 miners inches during the remaining nine months of the year. These power rights are not at present utilized for public utility or other purposes.

Glenn D. Smith, applicant's general manager, testified that he believed \$15,500.00 to be a fair and reasonable price to pay for these properties, his belief being based on investigations and inquiries made by him.

Under the deed of trust which it is proposed to execute, to J. F. Fredendall, trustee, applicant may from time to time issue \$60,000. of serial notes bearing interest at not exceeding 7 percent. per annum and maturing in equal annual installments of \$4,000.00 per annum on October 1st of each of the years 1922 to 1936 inclusive. The notes may be redeemed by the company on any interest payment date before maturity at 101 and accrued interest. The deed of trust is a first lien on the properties it is now proposed to purchase. A copy of the deed of trust is attached to the petition.

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 execute a deed of trust and to issue notes, a public hearing having been held and the Railroad Commis-

sion 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 herein 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 execute a deed of trust substantially in the same form as that attached to the petition herein;

PROVIDED, that the approval herein given to execute said deed of trust is for the purpose of this proceeding only and is an approval in so far as the Railroad Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval as to such other legal requirements to which said deed of trust may be subject.

IT IS HEREBY FURTHER ORDERED that Ontario Power Company be, and it is hereby, authorized to issue and sell at not less than face value \$15,500. of its 7% secured notes and to use the proceeds from the sale thereof to pay the purchase price of the properties described in the foregoing opinion and in the application herein.

The authority herein granted is subject to further conditions as follows:-

1. ONTARIO POWER COMPANY shall keep such record of the issue and sale of the notes 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.
2. The authority herein granted will not become effective until applicant has paid the fee prescribed in the Public Utilities Act.

3. The authority herein granted will apply only to such mortgage as may be executed and to such notes as may be issued on or before December 31, 1921.

The foregoing Opinion and Order are hereby approved as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 27<sup>th</sup> day of July, 1921.

Railroad Commission of the State of California

See #60100  
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Commissioners.