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Decision No. 9586.

ORIGINAL

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.)

Application No. 7169

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

BENEDICT, Commissioner.

O P I N I O N

THE CALIFORNIA OREGON POWER COMPANY asks permission to issue \$151,000.00 of its Series "A" first and refunding mortgage gold bonds. The company proposes to sell the bonds at not less than 95 per cent. of face value plus accrued interest, and to use the proceeds to reimburse its treasury on account of moneys expended to retire underlying bonds.

The \$151,000.00 of bonds are part of an authorized issue of \$10,000,000.00 of first and refunding mortgage sinking fund gold bonds, and are secured by a mortgage which the Railroad Commission authorized to be executed by Decision No. 9190, dated June 30, 1921, as amended. The bonds it is now proposed to issue are dated February 1, 1921, bear interest at 7½ per cent. per annum, mature February 1, 1941, and are subject to redemption on any interest date upon the payment of principal and interest and a premium of ten per cent., if redeemed prior to February 1, 1931, and of principal and interest and a premium equal to one per cent. of the principal thereof for

each year or fraction of the unexpired term, if redeemed subsequent to February 1, 1931.

The mortgage, among other things, reserves \$1,151,000.00 of bonds for the purpose of retiring, refunding or discharging underlying bonds. The amount of underlying bonds outstanding on the date of the execution of the mortgage, is reported as follows:

- (a) - \$618,000.00 of Rogue River Electric Company 5% bonds, due July 1, 1937;
- (b) - 135,000.00 of Siskiyou Electric Power Company 6% bonds due January 1, 1923;
- (c) - 53,000.00 of Siskiyou Electric Power and Light Company 5% bonds due May 1, 1938;
- (d) - 345,000.00 of Klamath Power Company 6% bonds due April 1, 1931.

The testimony of John D. McKee, applicant's president, shows that on the date of the execution of applicant's first and refunding mortgage, there was due the sinking fund of the Siskiyou Electric Power Company bonds, the sum of \$56,700.00; of the Siskiyou Electric Power and Light Company bonds, the sum of \$4,240.00; of the Klamath Power Company bonds, the sum of \$99,750.00; that subsequently these sinking fund payments were made; and further, that there has been retired through the operations of the sinking funds, \$7,000.00 of Rogue River Electric Company bonds, \$78,000.00 of Siskiyou Electric Power Company bonds, and \$75,000.00 of Klamath Power Company bonds, leaving outstanding \$991,000.00 of underlying bonds. These \$160,000.00 of underlying bonds were retired at a cost of \$157,370.00.

He also reports that the company has deposited with the trustee a sufficient amount of money to retire the entire amount of outstanding bonds of Siskiyou Electric Power Company and Siskiyou Electric Power and Light Company. This money was deposited for the reason that the bonds of these two companies constitute a lien on the Copco plant, and it became necessary to arrange for their payment so as to make the new first and refunding mortgage a first lien on these properties.

In addition to the \$991,000.00 of underlying bonds, applicant reports issued and outstanding, the \$1,849,000.00 of first and refunding bonds which were authorized to be issued by Decision No. 8731, dated March 10, 1921, as amended. As stated, applicant, at this time, desires to refund underlying bonds only to the extent of \$151,000.00. John D. McKee testified that neither the total outstanding bonded debt of the company nor the effective interest rate paid by applicant would be increased.

Applicant reports that it has outstanding, \$6,661,100.00 of stock, consisting of \$4,441,100.00 of common and \$2,220,000.00 of 7% non-assessable preferred stock. In Decision No. 8723, dated March 10, 1921, pursuant to which this stock was issued, the cost or value of the properties of California-Oregon Power Company, applicant's predecessor, is reported at \$7,693,070.84.

I believe the application should be granted and 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 issue \$151,000.00 of 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 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 THE CALIFORNIA OREGON POWER COMPANY be, and it is hereby, authorized to issue and sell, on or before December 31, 1921, at not less than 95 per cent. of face value plus accrued interest, \$151,000.00 of its Series "A" first and refunding mortgage bonds and to use the proceeds to reimburse its treasury because of

moneys expended to pay underlying bonds referred to in this application.

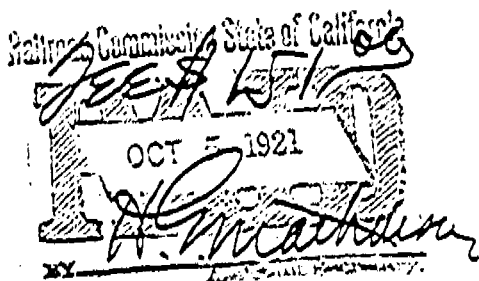
The authority herein granted is subject to further conditions as follows:

1.--Applicant shall keep such record of the issue and sale of the 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, verified reports, 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 by Section 57 of the Public Utilities Act, which fee is \$151.00.

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 4th day of October, 1921.



H. P. Matthews
Charles J. [Signature]
[Signature]
Commissioners.