

ORIGINAL

Decision No. 41169

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
	:	
THE CALIFORNIA OREGON POWER COMPANY)	
	:	Application
for an order of the Public Utilities)	No. 28798
Commission of the State of California	:	(Second Supplemental)
for an order authorizing the issuance)	
of certain securities.	:	
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FIRST SUPPLEMENTAL OPINION

In a supplemental application filed in the above entitled matter on December 19, 1947, The California Oregon Power Company reports that pursuant to authority granted by Decision No. 40867, dated November 4, 1947, as amended, it has issued 27,852 shares (\$2,785,200 par value) of its Preferred Stock, 4.70% Series, in exchange for a corresponding number of shares of like par value of its Six Percent Preferred Stock and that it has sold to underwriters the remaining 14,148 shares of said Preferred Stock, 4.70% Series, authorized by said decision as amended.

In effecting the exchange of stock applicant was called upon, pursuant to the terms of the exchange offer, to pay to the holders of the 27,852 shares of 6% stock so tendered for exchange, the sum of \$10 in cash for each share so exchanged, or a total of \$278,520. It has requested permission to charge this sum, along with certain other sums, to Account 146, Other Deferred Debits, and thereafter to amortize the same over a period

of not less than five years nor more than ten with the privilege of accelerating such amortization. The amounts proposed to be thus treated are as follows:

1. Payment of \$10 per share for said 27,852 shares of 6% preferred stock exchanged for 4.70% preferred stock	\$278,520.00
2. Unamortized discount and expense carried on the balance sheet with respect to said 27,852 shares of 6% preferred stock	127,191.77
3. Duplicate dividends of 48¢ per share on the 27,852 shares exchanged	<u>13,368.96</u>
Total	<u>\$419,080.73</u>

Under the uniform system of accounts prescribed for electrical corporations these items are chargeable to earned surplus. However, the company in its supplemental application reports its earned surplus, after giving effect to dividends declared in December and other charges, at approximately \$580,000 and accordingly its request to defer the above charges, except as hereafter noted, is not unreasonable.

In considering this matter we believe that the duplicate dividends of \$13,368.96 should be charged forthwith to earned surplus. The remainder of the charges, aggregating \$405,711.77, may be charged to Account 146, Other Deferred Debits, and amortized over a period of not exceeding five years commencing January 1, 1948, or written off at any time within such period.

SECOND SUPPLEMENTAL ORDER

The Public Utilities Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary and that the request of applicant should be granted, to the extent herein indicated, therefore,

IT IS HEREBY ORDERED that The California Oregon Power Company may charge to Account 146, Other Deferred Debits, the sum of \$405,711.77, consisting of the following:

Payment in cash of \$10 a share for each of the 27,852 shares of 6% preferred stock exchanged for 4.70% preferred stock	\$278,520.00
Unamortized discount and expense on said 27,852 shares of 6% preferred stock	127,191.77

IT IS HEREBY FURTHER ORDERED that The California Oregon Power Company, if it charges said sums to Account 146, shall amortize the same by charges to Account 414, Miscellaneous Debits to Surplus, over a period of five years commencing January 1, 1948, provided that it may at its discretion accelerate such amortization.

IT IS HEREBY FURTHER ORDERED that this order is effective ten (10) days after the date hereof.

Dated at San Francisco, California, this 27th day of January, 1948.

A. J. Anderson

Leah H. Russell
Harold P. Hull

Commissioners