

Decision No. 62141

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
PACIFIC POWER & LIGHT COMPANY, and
THE CALIFORNIA OREGON POWER COMPANY,
for an order authorizing the merger
of the applicants, the assumption
by PACIFIC POWER & LIGHT COMPANY
of liability in respect to certain
securities of THE CALIFORNIA OREGON
POWER COMPANY, and the issuance by
PACIFIC POWER & LIGHT COMPANY of
shares of its preferred and common
capital stock in exchange for
preferred and common capital
stocks of THE CALIFORNIA OREGON
POWER COMPANY.

Application No. 43184

George D. Rives, of Brobeck, Phleger & Harrison,
for Pacific Power & Light Company and The
California Oregon Power Company; Allan A. Smith
and George F. Rodgers, of Smith, Gray, Hill &
Rodgers, for Pacific Power & Light Company;
Harold J. McCarthy and Robert W. Hollis, for
the Commission staff.

O P I N I O N

This application has been filed by Pacific Power &
Light Company and The California Oregon Power Company for
authorization to merge.

The application was filed on February 27, 1961. A
public hearing, after due notice, was held before Examiner
Coleman in Yreka on May 25, 1961, at which time the matter
was taken under submission. There were no protests presented
to the Commission at the hearing.

Pacific Power & Light Company and The California Oregon Power Company are engaged in business as public utilities in supplying electric service, the operations, in part, being conducted in adjoining service areas. It appears that, from time to time, consideration has been given to merging the properties and operations under one ownership and management and that recently the shareholders of both companies, by nearly unanimous majorities, approved an Agreement and Act of Merger whereby The California Oregon Power Company would be merged into Pacific Power & Light Company and its separate existence terminated and Pacific Power & Light Company, as the surviving corporation, would succeed, without other transfer, to all the rights and properties of The California Oregon Power Company and to all its debts, liabilities and obligations and would issue its shares of preferred and common stock in exchange for presently outstanding shares of preferred and common stock of The California Oregon Power Company.

In presenting this application to the Commission, applicants assert that the merger, if consummated, will result in a surviving corporation which will be financially stronger than either company operating separately and which will be in a better position than either of the present companies to provide the generation, transmission and distribution facilities which are needed to assure adequate power supply in the rapidly growing service areas of the two companies. The record shows that substantial savings can be effected in power costs and in

general and administrative expenses by the integration of the properties and resources of the two companies; that the surviving company, by reason of its larger size, greater financial strength and greater diversification of its operations, should be able to obtain capital funds at lower costs than the two companies operating separately; that it is not contemplated the merger will result in any increases in tariff provisions or rates for service to the consumers of The California Oregon Power Company; that, upon consummation of the merger, Pacific Power & Light Company will adopt the presently effective tariff schedules of The California Oregon Power Company; and that the agreed policy of both companies in going forward with the merger proceeding is that no one in the employ of either company would lose his employment as the result of the merger or that no employee of The California Oregon Power Company would be required to leave his present location as a condition of employment.

Upon reviewing the evidence, we are of the opinion, and so find and conclude, that the proposed merger will not be adverse to the public interest; that the money, property or labor to be procured or paid for by the issue of the shares of stock herein authorized is reasonably required for the purpose specified in this application, that is, for the exchange of shares of stock in carrying out the merger provisions; and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

We will enter an order approving the proposed merger. The authorization herein granted is for the purpose of this proceeding only and is not to be construed as indicative of amounts to be included in a future rate base or in future operating expenses for the determination of just and reasonable rates.

O R D E R

A public hearing having been held in the above-entitled matter and the Commission being fully apprised in the premises,

IT IS HEREBY ORDERED that -

1. Pacific Power & Light Company and The California Oregon Power Company are authorized to execute an Agreement and Act of Merger substantially in the same form as that filed in this proceeding and to carry out the terms and provisions of said Agreement and Act of Merger.

2. Pacific Power & Light Company, as the surviving corporation, shall assume the payment of all the outstanding debts, liabilities and obligations of The California Oregon Power Company.

3. Pacific Power & Light Company is authorized to issue its shares of preferred and common stock in exchange for the shares of preferred and common stock of The California Oregon Power Company in accordance with the terms of said Agreement and Act of Merger in amounts not to exceed the following:

7.00% Serial Preferred	-	18,132 shares,	\$100 par value
6.00% Serial Preferred	-	5,942 shares,	\$100 par value
5.00% Serial Preferred	-	42,000 shares,	\$100 par value
5.40% Serial Preferred	-	70,000 shares,	\$100 par value
Common	-	2,212,679 shares,	\$6.50 par value

4. The rates and rules of The California Oregon Power Company now on file with this Commission shall be refilled within 30 days after the date of consummation of the merger under the name of Pacific Power & Light Company in accordance with the procedure prescribed by General Order No. 96, or, in lieu of such refilling, Pacific Power & Light Company may file a notice of adoption of said presently filed rates and rules; that no increases in the presently filed rates shall be made unless authorized by this Commission.

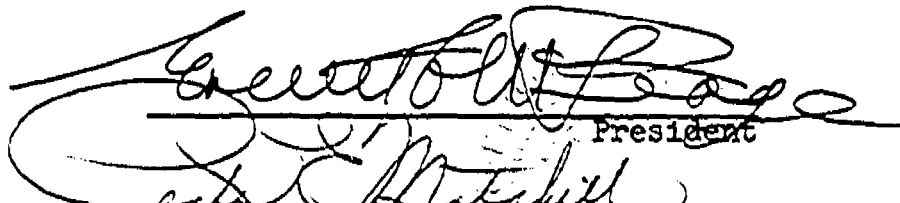
5. Pacific Power & Light Company shall maintain accounting records in which it records plant, reserve, revenue and expense transactions in such form as will enable it to determine separated results of operation for service rendered in California.

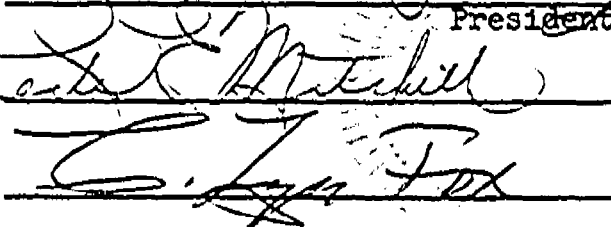
6. Pacific Power & Light Company, in lieu of a report under General Order No. 24-A, shall file with the Commission monthly reports showing the number of shares of stock of each class issued under the authorization herein granted and the number of shares of stock of The California Oregon Power Company whose holders have elected to receive cash for their shares.

7. Within 60 days after the consummation of the merger, Pacific Power & Light Company shall file with the Commission a copy of each journal entry used to record the merger on its books of account.

8. This order shall become effective when Pacific Power & Light Company has filed with the Commission appropriate evidence that it has duly qualified to do business in the State of California.

Dated at San Francisco, California,
this 16th day of JUNE, 1961.



President


Commissioners

Frederick B. Holoboff
Commissioner George G. Grover, being
necessarily absent, did not participate
in the disposition of this proceeding.