

Decision No. 36873

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of
CALIFORNIA-PACIFIC UTILITIES COMPANY

for an order authorizing it
(a) to issue 33,450 shares of its
Common stock against conversion of
its outstanding Second Preferred
shares; and (b) to issue 21,250 of
its Preferred shares, \$20 par value,
with full voting rights, in exchange
for and in lieu of its outstanding
4,250 First Preferred shares, \$100
par value.

ORIGINAL

Application
No. 25833

BY THE COMMISSION:

O P I N I O N

California-Pacific Utilities Company asks permission to issue 33,450 shares of its common stock of the par value of \$20 per share (aggregate par value \$669,000) against conversion of 6,690 outstanding second preferred shares of the par value of \$100 each and to issue 21,250 shares of its preferred stock of the par value of \$20 per share (aggregate par value, \$425,000) in lieu of and in exchange for its 4,250 first preferred shares of the par value of \$100 per share now outstanding.

Applicant is a California corporation which owns and operates in California a public utility water system in Benicia and vicinity, a public utility electric system in Weaverville and vicinity, a public utility electric system and a public

utility water system in Susanville and vicinity and a public utility electric system, a public utility gas system and a public utility telephone system in Needles and vicinity; and, in Oregon, public utility gas systems in Klamath Falls, Ashland, Medford, Grants Pass, Talent, Phoenix, and Roseburg and vicinity; and, in Nevada, a public utility electric system in the Nelson Mining District and in Searchlight, Clark County and vicinity. It also engages in the sale of gas in Washington, Idaho and Arizona on a wholesale basis.

For the year ending December 31, 1942, and for the nine months ending September 30, 1943, applicant's operating revenues are segregated as follows:

	1 9 4 2	: Nine Months : Ending : Sept. 30, 1943:
Electric	\$359,035.47	\$272,785.70
Gas	272,153.10	212,066.23
Water	109,115.32	100,016.34
Telephone	18,942.58	23,071.09
Miscellaneous	<u>54,667.06</u>	<u>47,378.60</u>
Total	<u>\$813,913.53</u>	<u>\$660,317.96</u>

Applicant's report for 1942 shows a net income, that is, the amount available for dividends and surplus, of \$120,912.78 while its net income for the first nine months of 1943 amounted to \$96,496.57.

As of September 30, 1943, applicant reports its

assets and liabilities as follows: as by Decision No. 31363, dated October 17, 1938, in Application No. 22230, applicant

ASSETS
 issued and has now outstanding the following shares of capital:
Utility Plant \$3,130,031.99
 Electric Plant \$1,203,330.34
 Gas Plant 819,208.62
 Water Plant 4,250 shares of first preferred stock of \$20 par value of \$100 827,592.00
 Other Utility Plant 122,101.01
 Construction Work in Progress 158,799.94

Nonutility Properties second preferred shares of the par value of \$100 per share and of the aggregate value of \$669,000, which shares are convertible into common shares of the par value of \$20 per share for each second preferred share 10,541.36
Current and Accrued Assets 337,232.33
 Cash & Special Deposits 149,831.74
 Temporary Cash Investments 15,000.00
 Notes Receivable 84.97
 Accounts Receivable 82,333.41
 Rents Receivable 780.00
 Materials and Supplies 66,864.03
 Prepayments 22,496.59
 Other Current & Accrued Assets 9,841.59

Deferred Charges 8,353.27
 The Commission, by said Decision No. 31363, did not authorize applicant to issue common shares of stock against the conversion of the second preferred shares of stock.
Total \$3,486,158.95

LIABILITIES
 All of applicant's deferred stock and second
Capital Stock as owned by and held by Niagara Shareholders 3,223,000.00
 First Preferred 425,000.00
 Second Preferred 669,000.00
 Common 129,000.00

Bonds - First Mortgage 4's, due October 19, 1938, applicant filed September 1, 1960 1,000,000.00
 The Commission's stipulation to the effect that in the
Current and Accrued Liabilities 135,830.55
 Accounts Payable Corporation of Maryland 124,344.49
 Customers' Deposits 14,610.81
 Taxes Accrued 91,948.73
 Interest Accrued 3,911.91
 Other Current and Accrued Liabilities 1,014.61

Deferred Credits of incorporation so as to provide that 46,934.46
 Customers' Advances for Construction 46,579.26
 Other Deferred Credits 355.20

Reserves set forth with and immediately upon the happening of 667,384.35
 Reserve for Depreciation - Utility Plant 662,110.17
 Reserve for Depreciation of Other Property 250.00
 Reserve for Uncollectible Accounts 5,024.18
Contributions in Aid of Construction 17,125.70

Surplus class of said preferred shares after the same 395,883.89
 Capital Surplus (20,636.45)
 Earned Surplus 416,520.34

Total \$3,486,158.95

transferred in any manner whatsoever, in whole or in part, by Niagara Share Corporation of Maryland, the owner of said preferred shares shall have five votes for each preferred share owned.

Applicant will amend its Articles of Incorporation and provide for an authorized stock issue of 94,600 shares, divided into 47,300 shares of preferred and 47,300 shares of common stock. Each share has a par value of \$20. The aggregate par value of all shares is \$1,892,000. It will forthwith issue, if authorized to do so, 33,450 shares of said common stock of the aggregate par value of \$669,000 against the conversion of the second preferred stock of 6,690 shares of \$100 par value. By this conversion the second preferred stock will be eliminated from applicant's capitalization. It will issue, if authorized to do so, 21,250 shares of preferred stock of the par value of \$20 per share in lieu of and in exchange for its 4,250 shares of first preferred stock of the par value of \$100 per share. The holders of the preferred stock are entitled to dividends at the rate of \$1.00 per share per annum. The dividend is cumulative from September 15, 1943. Applicant may, at its option, upon giving the required notice, redeem the preferred shares at \$21 per share, plus all accrued and unpaid cumulative dividends to the redemption date.

Each share of each class of stock of applicant shall have equal voting rights with each share of each other class of stock. Each holder of record of each class of stock is entitled to one vote for each share held, and at any election of Directors is entitled to cumulate his votes.

Upon the consummation of its plan applicant will have outstanding 39,900 shares of common stock of the aggregate par

value of \$798,000 and 21,250 shares of preferred stock of the aggregate par value of \$425,000 in contrast to the following stock now outstanding: first preferred, \$425,000; second preferred, \$669,000; common, \$129,000.

We believe that the plan outlined by applicant in this application fully complies with the stipulation filed by it in Application No. 22230. None of the proposed transactions involves any increase in applicant's outstanding capital stock nor will applicant receive any proceeds whatever out of such transactions.

O R D E R

The Commission has considered applicant's requests and is of the opinion that this is not a matter on which a hearing is necessary; that the money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required by applicant for the purposes herein stated, and that the expenditures for said purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted as herein provided, therefore,

IT IS HEREBY ORDERED that California-Pacific Utilities Company may, after the effective date hereof and on or before December 31, 1943, issue 33,450 shares of its common stock of the par value of \$20 per share for the purpose of converting the 6,690 shares of outstanding second preferred shares of stock of the par value of \$100 each into common stock and to issue 21,250 shares of its preferred stock of the par value of \$20 per share in lieu of and in exchange for its 4,250 first preferred shares

of the par value of \$100 per share now outstanding.

IT IS HEREBY FURTHER ORDERED that the authority herein granted to issue common stock will become effective upon the date hereof, and the authority to issue preferred stock upon the filing by California-Pacific Utilities Company with the Railroad Commission of a certified copy of its amended Articles of Incorporation providing for the issue of said preferred stock.

IT IS HEREBY FURTHER ORDERED that within thirty (30) days after the issue of the stock herein authorized California-Pacific Utilities Company shall file with the Railroad Commission a statement showing the number of shares of stock issued under the authority herein granted, the classes of stock issued, and the names of the persons, firms or corporations to whom said stock was issued.

Dated at San Francisco, California, this 26th day of October, 1943.

Francis J. Spaven
J. G. Baker
Justus F. Quenneville
Edward L. ...
Thomas C. ...
Commissioners