

ORIGINAL

Decision No. 41886

BEFORE THE PUBLIC UTILITIES 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 and sell \$750,000 First Mortgage	:	
Bonds, Series C due July 1, 1978 and	)	Application
(b) to execute the Third Supplemental	:	No. 29513
Indenture to be dated as of July 1,	)	
1948, supplemental to its First Mortgage	:	
Indenture dated as of July 1, 1944.	)	
-----	:	

O P I N I O N

This is an application for an order of the Public Utilities Commission authorizing California-Pacific Utilities Company to execute a supplemental indenture and to issue and sell \$750,000 principal amount of its First Mortgage Bonds, Series C, 3-1/2%, due July 1, 1978.

The application shows that California-Pacific Utilities Company is a corporation organized under the laws of the State of California and engaged in the public utility business in California, Oregon, Nevada, Idaho and Wyoming, and in the sale of gas at wholesale in Washington and Arizona. Its California business includes water utility operations in and about Benicia, electric utility operations in and about Weaverville, electric and water utility operations in and about Susanville, gas utility operations in and about Yreka and Dunsmuir and gas and telephone utility operations in and about Needles. Its financial statements on file with the Commission indicate that approximately 28 percent of its revenues are obtained from operations in California.

Applicant reports its operating revenues at \$3,072,117.07 for the year 1947 and at \$1,809,904.01 for the first six months of 1948, with net income of \$411,964.84 for 1947 and of \$236,581.86 for the first six months of this year. It reports its assets and liabilities as of June 30, 1948, in summary form, as follows:

Assets

Utility plant		\$ 9,745,008.02
Other physical property		286,927.66
Current assets -		
Cash and deposits	\$283,484.43	
Accounts receivable	344,814.50	
Materials and supplies	409,613.97	
Prepayments	26,975.54	
Other current assets	<u>20,522.75</u>	
Total current assets		1,085,411.19
Deferred debits		<u>94,952.30</u>
	Total	<u>\$11,212,299.17</u>

Liabilities

Preferred stock-5% cumulative		\$ 1,435,000.00
Common stock		1,550,000.00
Premium on common stock		205,861.25
Long-term debt		3,500,000.00
Current liabilities -		
Notes to banks	\$550,000.00	
Accounts payable	248,594.42	
Customers' deposits	40,933.29	
Accrued liabilities	349,938.29	
Other accounts	<u>12,524.51</u>	
Total current liabilities		1,201,990.51
Deferred credits		83,689.97
Reserves for depreciation		2,311,858.75
Other reserves		9,018.05
Contributions in aid of construction		62,747.95
Surplus		<u>852,132.69</u>
	Total	<u>\$11,212,299.17</u>

The presently outstanding long-term debt consists of \$1,830,000 of First Mortgage Bonds, Series A, 3-1/2%, due July 1, 1969, and \$1,670,000 of First Mortgage Bonds, Series B, 3-1/4%, due August 1, 1971. The records of the Commission show that

\$1,600,000 of said Series A bonds were issued and sold in 1944 at 103% of their face value, and the remaining \$230,000 were sold in 1945, at 103.3% of their face value, while the Series B bonds were sold in 1946 at 100.279% of their face value.

Applicant now proposes to execute a supplemental indenture and to create a new series of bonds to be known as Series C bonds, to be dated as of July 1, 1948, to bear interest at the rate of 3-1/2% per annum and to mature July 1, 1978. It reports that it has entered into negotiations to sell \$500,000 principal amount of said bonds to Modern Woodmen of America and \$250,000 principal amount to Provident Mutual Life Insurance Company of Philadelphia, a total of \$750,000, at a selling price of 101.375% of the principal amount plus accrued interest from the date of the bonds to the date of delivery.

In support of its request to issue and sell additional bonds applicant reports that it requires funds to pay its outstanding short-term bank loans, which aggregated \$550,000 on June 30, 1948, to reimburse its treasury for amounts expended for extensions, additions and betterments to its systems and to finance its construction program. In this connection it reports that between July 1, 1944 (the date of its trust indenture) and June 30, 1948, its net expenditures for the acquisition of property and for the construction of extensions and additions to its plants amounted to \$4,684,846.95 of which \$3,843,111.25 was obtained from the issue and sale of bonds, preferred and common stocks, leaving an uncanceled balance of \$841,735.70 which has been financed temporarily through the issue of the \$550,000 of short-term bank loans and from other sources. In addition it anticipates that during

July, 1948, it will have net expenditures in excess of \$100,000 for additions and betterments.

A review of the application and of the company's financial statements indicates that it is in need of the additional funds to be received through the issue of bonds to maintain and improve its cash position and to meet its construction requirements.

An order accordingly will be entered.

#### O R D E R

The Public Utilities Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue and sale of \$750,000 of bonds is reasonably required by California-Pacific Utilities Company for the purposes specified herein and that the expenditures for such purposes, except for accrued interest, are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. California-Pacific Utilities Company, after the effective date hereof and on or before October 31, 1948, may execute a Third Supplemental Indenture in, or substantially in, the same form as that filed in this proceeding, and may issue and sell, at not less than 101.875% of their principal amount plus

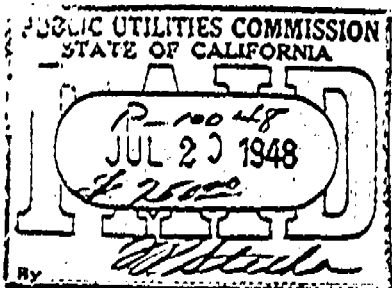
accrued interest, not exceeding \$750,000 of its First Mortgage Bonds, Series C, 3-1/2%, due July 1, 1978.

2. California-Pacific Utilities Company shall use the proceeds to be received from the issue and sale of said bonds, other than accrued interest, to pay outstanding bank loans, to reimburse its treasury and to finance the cost of additions and betterments to its plants and properties as set forth in this application. The accrued interest may be used for general corporate purposes.

3. Applicant shall file with the Commission a report, or reports, as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order. It shall also file, within six (6) months after the issue and sale of the bonds herein authorized, a statement showing in some detail the expenses incurred in connection with such issue and sale and the disposition of such expenses on its books of account.

4. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is seven hundred fifty (\$750.00) dollars.

Dated at San Francisco, California, this 24<sup>th</sup> day of July, 1948.



Handwritten signatures of R. E. ... and ...  
Commissioners