

CALIFORNIA

Decision No. 42483

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
CALIFORNIA ELECTRIC POWER COMPANY, a	:	
corporation, for an Order exempting)	
from the competitive bidding rule in	:	Application
Decision No. 38614, the proposed is-)	No. 29975
suance of 100,000 shares of additional	:	
Convertible Preference Stock.)	
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Douglas L. King and Donald J. Carman, for Applicant;
O'Melveny & Myers, by Harry L. Dunn and Frederick N. Edwards, for possible underwriters.

O P I N I O N

California Electric Power Company, a corporation organized under the laws of Delaware, asks the Commission to issue an appropriate order exempting Applicant's proposed issue and sale of 100,000 shares of additional convertible preference stock from the Commission's competitive bidding rule set forth in Decision No. 38614, dated January 15, 1946.

Applicant is engaged principally in the business of supplying electric energy to the public in portions of the Counties of Mono, Inyo, Kern, San Bernardino and Riverside, in the State of California, and in the Counties of Nye and Esmeralda, in the State of Nevada. It also is engaged in the manufacture and sale of ice in portions of Imperial and Riverside Counties, California. Applicant owns all of the outstanding stock and bonds of Interstate Telegraph Company, which supplies telephone and telegraph service in California and Nevada, principally in the same

territory in which Applicant sells electric energy north of San Bernardino. The United Farmers' Telephone and Telegraph Company, a wholly-owned indirect subsidiary of Applicant, supplies telephone and telegraph service in and around Gardnerville and Minden, Nevada, in a part of the resort area on the Nevada shore of Lake Tahoe, and in and around Markleeville, Alpine County, California. Through wholly-owned subsidiaries, Applicant operates electric and ice properties in portions of the territory of Lower California and in part of the State of Sonora, Mexico, and in the City of Mexicali.

Applicant estimates that during 1949 and 1950 it must provide the following sums for construction:

	<u>1949</u>	<u>1950</u>
Electric -		
Production	\$ 225,000	\$ 100,000
Transmission	395,000	800,000
Distribution	3,489,000	2,900,000
General	291,000	300,000
Total Electric	<u>4,400,000</u>	<u>4,100,000</u>
Telephone	1,100,000	850,000
Ice	<u>100,000</u>	<u>50,000</u>
Total	<u>\$5,600,000</u>	<u>\$5,000,000</u>

Applicant estimates that it will have available for construction purposes in 1949 from internal sources about \$1,250,000. This amount includes provision for depreciation and undistributed earnings. To provide itself with additional funds to pay part of its construction expenditures, Applicant proposes to issue and sell 100,000 shares (par value \$20 per share) of 5½% convertible preference stock. It asks permission to dispose of the 100,000 shares of convertible preference stock by means of a negotiated

sale. Its request for exemption from the Commission's competitive bidding rule is predicated upon its failure to obtain bids for a previous preferred stock issue and the unsatisfactory market for preferred stocks. Further, Applicant is of the opinion that if it can negotiate for the sale of the shares, it is in a better position to fix the basis on which the shares of stock may be converted into common stock. The order herein will exempt the issue of said shares of stock from the provisions of Decision No. 38614, dated January 15, 1946. However, the Commission reserves jurisdiction to revoke the exemption herein granted if the terms and conditions under which Applicant proposes to issue and sell the shares of stock are hereafter found to be unsatisfactory.

Applicant will, in a further application, advise the Commission of the specific terms under which it proposes to issue and sell said shares of preferred stock.

O R D E R

The Commission having considered the evidence submitted at the hearing had on this application and it being of the opinion that the issue and sale of 100,000 shares of convertible preference stock by California Electric Power Company should be exempt from the provisions of Decision No. 38614, dated January 15, 1946; therefore,

IT IS HEREBY ORDERED that the issue and sale of 100,000 shares of convertible preference stock by the California Electric Power Company be exempt from the provisions of Decision No. 38614, dated January 15, 1946.

IT IS HEREBY FURTHER ORDERED that this order is effective as of this date.

Dated at San Francisco, California, this 8th day of February, 1949.

R. J. [unclear]
Justus F. Casper
Joseph [unclear]
Harold [unclear]
Wm. H. Patten
Commissioners