

ORIGINAL

Decision No. 44171

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
CALIFORNIA ELECTRIC POWER COMPANY	:	Application
under Section 52 of the Public)	No. 31359
Utilities Act.	:	
-----)	

O P I N I O N

California Electric Power Company has filed this application for authority to issue and sell \$2,000,000 principal amount of a new series of First Mortgage Bonds for the purpose of financing, in part, the acquisition of property and the construction, completion, extension and improvement of its facilities.

Applicant is engaged in the business of supplying electric energy 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. In addition, it is engaged in the ice and cold storage business in the Counties of Imperial and Riverside, and it owns all the outstanding stock of Interstate Telegraph Company, a corporation giving telephone and telegraph service in territory in California north of San Bernardino in which applicant supplies electric energy, and in and about Markleeville, California, and Gardnerville and Minden, Nevada, as well as in a portion of the resort area on the Nevada shore of Lake Tahoe. For the twelve months ending December 31, 1949, applicant reports electric revenues of \$8,945,511, telephone and telegraph revenues of \$977,973, and ice and cold storage revenues of \$986,018, a total of \$10,909,507.

In Exhibit B, filed in this proceeding, applicant reports its assets and liabilities as of December 31, 1949, as follows:

<u>Assets</u>		
Utility plant	\$41,829,162	
Less-Reserves for depreciation	<u>7,364,877</u>	\$34,464,285
Other physical property		2,007,349
Investment in associated companies		4,946,192
Current assets -		
Cash and deposits	968,086	
Temporary cash investments	1,005,689	
Notes and accounts receivable (net)	1,248,586	
Materials and supplies	1,307,592	
Prepayments	<u>479,734</u>	
Total current assets		5,009,687
Deferred debits		<u>133,876</u>
	Total	<u>\$46,561,389</u>

<u>Liabilities</u>		
Common stock		\$ 8,239,541
Preferred stock		11,492,570
Capital surplus		51,497
Earned surplus		<u>1,390,189</u>
Total stock and surplus		21,173,797
Bonds		21,500,000
Other long-term debt		37,150
Current liabilities -		
Accounts payable	\$ 487,648	
Dividends declared	160,843	
Matured long-term debt	24,870	
Matured interest	3,669	
Customers' deposits	50,984	
Interest and taxes accrued	1,307,825	
Other items	<u>15,127</u>	
Total current liabilities		2,050,966
Deferred credits		1,065,997
Miscellaneous reserves		243,132
Contributions in aid of construction		<u>490,347</u>
	Total	<u>\$46,561,389</u>

The presently outstanding bonds were issued under a First Mortgage Indenture, dated October 1, 1943, and subsequent indentures supplemental thereto. They consist of \$16,000,000 of 3% bonds due June 1, 1976, and \$5,500,000 of 3% bonds due June 1, 1978. The proposed issue of bonds will constitute a new series maturing June 1, 1980, with interest at a rate to be determined by the

successful bid. The new bonds will be issued pursuant to a Fourth Supplemental Indenture dated June 1, 1950.

At present, applicant is negotiating the sale of 180,000 shares of common stock.⁽¹⁾ It reports that the net proceeds from the sale of said shares and from the bonds included in this application, together with internal funds of \$4,500,000, consisting of cash on hand, depreciation accruals and undistributed earnings, will be sufficient to finance its 1950 and 1951 construction program, the major classifications of which are as follows:

	<u>1950</u>	<u>1951</u>
Electric		
Production	\$ 385,000	\$ 230,000
Transmission	265,000	150,000
Distribution	3,318,000	1,970,000
General	<u>289,000</u>	<u>150,000</u>
Total electric	4,257,000	2,500,000
Telephone	617,000	450,000
Ice	<u>79,000</u>	<u>50,000</u>
Total	<u>\$4,953,000</u>	<u>\$3,000,000</u>

The application shows that the proposed expenditures are made necessary by the continued growth of population, industry, agriculture and commerce in and near applicant's service area. For 1950 and 1951 it is estimated that \$1,725,000 will be used for extensions to serve new customers, \$1,663,000 for additions and improvements to distribution lines, and \$1,900,000 for increased sub-station capacity.

Applicant intends to offer the \$2,000,000 of bonds for sale at competitive bidding when its registration statement becomes

(1)

By Decision No. 44079, dated April 25, 1950, in Application No. 31271, the Commission exempted from its competitive bidding rule the 180,000 shares of common stock and authorized applicant to issue and sell such shares at a price to be fixed in a supplemental order.

effective for bidding purposes. It expects to publish its invitation for bids on May 31, 1950, and to open said bids on June 7. To enable it to adhere to this program it asks that it be authorized to open the bids for its bonds six days after publication of the invitation for such bids, in lieu of the ten days required by the Commission's competitive bidding rule. It believes that with its filings with the Securities and Exchange Commission and the Federal Power Commission sufficient publicity has been given the proposed issue to warrant shortening the interval in time as requested by it.

A review of the application indicates that applicant has need for the funds to be obtained through the issue and sale of its bonds to enable it to proceed with its construction program, and that a preliminary order should be entered at this time in this proceeding.

O R D E R

The 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 of \$2,000,000 of bonds is reasonably required by applicant for the purpose specified herein and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. California Electric Power Company, after the effective date hereof and on or before July 31, 1950, may publish an invitation for bids for the purchase of \$2,000,000 of First Mortgage Bonds

not less than six (6) days prior to the date fixed for the opening of said bids.

2. California Electric Power Company, after the effective date hereof and on or before July 31, 1950, may issue and sell, at a price to be fixed by the Commission in a supplemental order, said \$2,000,000 principal amount of First Mortgage Bonds.

3. The authority herein granted to issue and sell said \$2,000,000 of bonds will become effective when the Commission has entered a supplemental order, or orders, authorizing the execution of applicant's Fourth Supplemental Indenture and fixing the price at which applicant may sell such bonds, and when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is one thousand five hundred (\$1,500.00) dollars. All other authority herein granted is effective upon the date hereof.

4. Applicant shall use the proceeds, exclusive of accrued interest, to be obtained from the issue and sale of said \$2,000,000 of bonds to finance in part the cost of acquiring property and of constructing, completing, extending and improving its facilities. The accrued interest may be used for general corporate purposes.

5. Within sixty (60) days after the issue and sale of said bonds, applicant shall file with the Commission two (2) copies of its prospectus and a report showing the names of those to whom such bonds were sold, the amount sold to each and the consideration received.

6. Within six (6) months after the issue and sale of said bonds, applicant shall file with the Commission a statement showing in detail the expenses incurred by it in connection with the issue

and sale and the account, or accounts, to which such expenses were charged.

Dated at San Francisco, California, this 16th day of May, 1950.

R. Z. Dunder
Justin F. Caseman
John H. Lowell
Harold P. Kule
Penelope Lott
Commissioners

