

Decision No. 44442

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 \$975,000 First Mortgage	:	
Bonds, Series D due July 1, 1980 and)	Application
(b) to execute the Fifth Supplemental	:	No. 31517
Indenture to be dated as of July 1,)	
1950, supplemental to its First Mort-	:	
gage Indenture dated as of July 1, 1944.)	
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ORIGINAL

O P I N I O N

This is an application for an order of the Commission authorizing California-Pacific Utilities Company to execute and deliver its Fifth Supplemental Indenture, dated as of July 1, 1950, and to issue and sell \$975,000 principal amount of its First Mortgage Bonds, Series D, 3-1/4%, due July 1, 1980, for the purpose of paying indebtedness, reimbursing its treasury, and financing the cost of additions to its plant.

Applicant is a California corporation engaged as a public utility in the electric, butane-propane-air gas, water and telephone business in various parts of California, the electric and gas business in Oregon, the electric and water business in Nevada, and in the electric business in Idaho and Wyoming. In financial statements filed with the Commission, applicant reports operating revenues for 1948 at \$3,657,312 and net income at \$392,211, and for 1949, operating revenues at \$4,158,062 and net income at \$377,027. It reports its investment in utility plant at \$11,828,500, which has been financed in part through the issue of bonds, preferred stock, common stock, and the use of earnings from operations. Its balance sheet as of May 31,

1950, in summary form, is as follows:

<u>Assets</u>		
Utility plant		\$11,828,550.20
Other physical property		522,632.60
Current and accrued assets -		
Cash and deposits	\$626,694.20	
Accounts receivable	403,021.04	
Materials and supplies	386,887.26	
Other current assets	<u>80,767.28</u>	
Total current and accrued assets		1,497,389.78
Deferred debits		<u>46,946.35</u>
	Total	<u>\$13,895,518.93</u>

<u>Liabilities</u>		
Preferred stock		\$ 2,315,120.00
Common stock		1,813,840.00
Premium on common stock		337,104.40
Long-term debt		4,250,000.00
Current and accrued liabilities -		
Notes payable	\$400,000.00	
Accounts payable	216,710.43	
Customers' deposits	51,078.35	
Accrued liabilities	469,982.04	
Other current liabilities	<u>17,196.29</u>	
Total current and accrued liabilities		1,154,967.11
Deferred credits		118,400.91
Reserves		2,746,616.61
Contributions in aid of construction		76,334.68
Surplus		<u>1,083,135.22</u>
	Total	<u>\$13,895,518.93</u>

Heretofore, in financing the cost of its properties, applicant has executed a First Mortgage Indenture, dated as of July 1, 1944, and subsequent indentures supplemental thereto, and has issued and now has outstanding first mortgage bonds in the aggregate principal amount of \$4,250,000. It reports that it has need for additional funds from the issue of securities, and that accordingly it has made, or is making, arrangements, and now requests permission, to execute a Fifth Supplemental Indenture defining the terms of a proposed new series of bonds, and to sell \$975,000 of such new series of bonds, to be designated as First Mortgage Bonds, Series D, 3-1/4%,

due July 1, 1980, at 101% of the principal amount plus accrued interest from the date of the bonds to the date of delivery.

In support of its request, applicant shows that since July 1, 1944, the date of its outstanding trust indenture, it has expended the net sum of \$956,118.55 for extensions and additions to its properties and for the acquisition of new systems, which amount has not been paid or provided through the issue of securities, although a portion thereof, to wit \$400,000, temporarily has been provided with moneys borrowed on short-term notes from Bank of America National Trust and Savings Association. Applicant proposes, subject to receiving authorization from the Commission, to use the proceeds from the sale of its bonds to discharge its short-term notes and to reimburse its treasury for capital expenditures heretofore made by it.

Applicant's capital structure as of May 31, 1950, as reflected by its balance sheet, and after giving effect to the proposed issue of bonds, is as follows:

	<u>Books</u>	<u>Pro Forma</u>
Bonds	43%	48%
Preferred stock	24	22
Equity capital	<u>33</u>	<u>30</u>
Total	<u>100%</u>	<u>100%</u>

A review of the application clearly indicates that applicant will have need for additional funds from the issue of securities to improve its financial position and to assist it in carrying forward its 1950 construction program and that it should be authorized at this time to issue additional bonds.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing thereon 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 \$975,000 of first mortgage bonds is reasonably required by California-Pacific Utilities Company for the purposes specified herein, and that such purposes 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, 1950, may execute a Fifth Supplemental Indenture, dated as of July 1, 1950, in substantially the same form as that filed in this proceeding, and may issue and sell not exceeding \$975,000 First Mortgage Bonds, Series D, 3-1/4%, due July 1, 1980, at not less than 101% of their face value, plus accrued interest, for the purposes set forth in this application.

2. Within sixty (60) days after the issue of the bonds herein authorized, California-Pacific Utilities Company shall file with the Commission a report showing when such bonds were issued, to whom they were issued, the consideration received, the purposes for which the proceeds were used or are intended to be used, and the expenses incident to the issue and sale of said bonds.

3. The authority herein granted will become effective when California-Pacific Utilities Company has paid the fee prescribed

by Section 57 of the Public Utilities Act, which fee is nine hundred seventy-five (\$975.00) dollars.

Dated at San Francisco, California, this 27th day of June, 1950.

R. B. [Signature]

James H. [Signature]

Harold P. [Signature]

Commissioners

