

Decision No. 52544

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
CALIFORNIA-PACIFIC UTILITIES COMPANY,

a corporation, for an order authorizing  
it to issue and sell 8,250 5% Cumulative  
Preferred shares, \$20 par value, to its  
eligible employees pursuant to the  
California-Pacific Utilities Company  
Employees Stock Purchase Plan.

Application  
No. 37645

O P I N I O N

In this application California-Pacific Utilities Company seeks an order from the Commission authorizing it to issue 8,250 shares of its 5% cumulative preferred stock of the par value of \$20 each, and of the aggregate par value of \$165,000, and to sell said shares to its employees at a price of \$20 each plus accrued dividends.

Applicant desires to afford its employees an opportunity to invest in its preferred stock so as to provide them with an incentive to remain with it and to increase their efforts on its behalf. It has adopted a stock purchase plan which provides that all full-time employees, including officers, may purchase shares of its 5% cumulative preferred stock at a price of \$20 a share plus accrued dividends, in lots of five shares or any multiple of five shares.

Although the primary purpose of the plan is to provide for distribution of shares of stock to employees, applicant does report that its construction program continues to require further funds and

that it will have need of the stock sale proceeds as it goes forward with such program. It estimates that during the year 1956 it will be required to spend approximately \$2,065,800 for additions and improvements for its electric, gas, water, and telephone facilities and it reports it intends to engage in permanent financing later in the year to provide most of its capital requirements.

From a review of applicant's financial statements it appears that its earnings should be ample to meet the dividend requirements on the proposed new issue of preferred shares. The application shows that for the calendar year 1954 net income amounted to \$632,496 and dividends on the preferred stock, then outstanding, to \$125,947, and that during the first nine months of 1955 net income amounted to \$497,622 and preferred dividends to \$110,214. The company's capital ratios as of September 30 of last year are as follows:

Long-term debt	\$ 8,825,000	51.5%
Preferred stock	3,367,560	19.7
Common stock equity	<u>4,929,698</u>	<u>29.8</u>
Total	<u>\$17,122,258</u>	<u>100.0%</u>

From a review of this application it appears that applicant will have need for additional funds and that its request to issue shares of preferred stock should be granted.

#### ORDER

The Commission having considered the above entitled matter and being of the opinion that a public hearing is not 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 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-Pacific Utilities Company may issue and sell to employees under its stock purchase plan not exceeding 8,250 shares of its 5% cumulative preferred stock at \$20 a share plus accrued dividends and use the proceeds for the purpose set forth in this application.

2. Applicant shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

3. The authority herein granted will become effective upon the date hereof.

Dated at Los Angeles, California, this 31<sup>st</sup>  
day of January, 1956.

John E. Nicholls  
President

Justice J. Calver

Paul L. Scherer

William D. Dore

R. Hardy  
Commissioners