

ORIGINAL

Decision No. 63327

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

PACIFIC POWER & LIGHT COMPANY

For an Order authorizing the issuance of not to exceed 696,695 shares of its Common Stock of the par value of \$3.25 per share.

Application No. 44212
and
First Amendment

O P I N I O N

On February 23, 1962, Pacific Power & Light Company filed the above-entitled application for authorization to issue and sell not to exceed 696,695 shares of its common stock of the par value of \$3.25 each and of the aggregate par value of \$2,264,258.75.

Applicant proposes to dispose of its shares by means of an underwritten rights offering to its common shareholders. It proposes initially to offer the additional shares for subscription by said shareholders at the rate of one share for each twenty shares of record held by said shareholders on the record date for the determination of stockholders who will be entitled to participate in the subscription offer, with certain supplementary subscription rights where the number of shares held is not evenly divisible by 20 or is less than 20. The offer will be evidenced by transferable subscription

warrants which will have a life of not less than 20 days. It is planned that the offering price will be fixed in relation to, and at a discount not exceeding 10% from, the then market price of the issued and outstanding common shares.

In order to insure the sale of the entire number of shares, applicant proposes to sell the unsubscribed shares to underwriters at the same price at which the offering is to be made to the shareholders, less an amount as compensation for the underwriters which shall be fixed by competitive bidding.

Applicant estimates that the net proceeds from the sale of its shares will amount to approximately \$17,000,000. It proposes to use such proceeds to pay short-term notes of \$7,000,000 which are outstanding under its credit agreement with certain banks and to finance approximately \$10,000,000 of construction costs. It reports that its expenditures for new construction will aggregate \$44,000,000 in 1962 and \$56,000,000 in 1963, as shown in some detail in the application, and that it proposes to use its line of credit to provide temporary financing, with permanent financing to be undertaken from time to time.

Applicant's capital ratios as of December 31, 1961, and as adjusted to give effect to the issue of the shares of

common stock and also to a \$35,000,000 bond issue now in progress and to the payment of the short-term notes, are as follows:

	<u>Dec. 31, 1961</u>	<u>Pro Forma</u>
Bonds and notes	63%	61%
Preferred stock	9	9
Common stock equity capital	<u>28</u>	<u>30</u>
Total	<u>100%</u>	<u>100%</u>

The Commission has given consideration to this application and is of the opinion, and so finds and concludes, that applicant will have need for additional funds from the issue of securities in order to pay indebtedness and to meet its construction requirements and that the issue of the common shares under the terms proposed is not adverse to the public interest. The Commission will enter an order granting the present application.

The action taken herein is for the issue of stock only and is not to be construed as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

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 money, property or labor to be procured

or paid for through the issue of the stock herein authorized is reasonably required 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 ORDERED that -

1. Pacific Power & Light Company, on or after the effective date hereof and on or before June 30, 1962, may issue, sell and deliver, upon subscription pursuant to rights evidenced by transferable warrants, not to exceed 696,695 shares of its common stock at a price representing a discount of not more than 10% from the bid price of the stock on either the day of, or the last trading day before, the Board of Directors' meeting called to fix such price.

2. Pacific Power & Light Company may sell to underwriters such of said 696,695 shares of common stock, as are not subscribed pursuant to the offer to shareholders, at the same price at which such shares are offered to shareholders, the compensation of the underwriters to be fixed by competitive bidding and the sale to be made to the bidder, or bidders, submitting the bid providing for the lowest such compensation. The invitation for submission for such bids shall be given by publication at least five days prior to the date set for opening the bids.

3. Pacific Power & Light Company shall use the net proceeds to be received from the issue and sale of said 696,695 shares of common stock for the purposes indicated in this application.

4. On or before July 15, 1962, Pacific Power & Light Company shall file with the Commission a statement showing the number of common shareholders of record at the record date; the number of subscriptions by shareholders and by others; the number of shares subscribed by such shareholders and by others; and the number of unsubscribed shares purchased by underwriters, together with a statement showing the underwriters' compensation and the expenses incurred by applicant in connection with the issue and sale of the 696,695 shares of common stock. Such statement shall be filed in lieu of a report, or reports, under General Order No. 24-A.

5. The authority herein granted shall become effective 20 days after the date hereof.

Dated at San Francisco, California,
this 13th day of MARCH, 1962.

Charles W. Pease
President
Ed. N. Mitchell
S. Lynn Fox
George T. Hoover
Fredrick B. Hollhoff
Commissioners