

**ORIGINAL**

Decision No. 63388

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 it to  
issue \$35,000,000 in principal  
amount of First Mortgage Bonds.

Application No. 44213  
Filed February 23, 1962

O P I N I O N

This is an application by Pacific Power & Light Company for authorization to execute a supplemental indenture and to issue and sell, at competitive bidding, \$35,000,000 in principal amount of First Mortgage Bonds.

The \$35,000,000 of bonds will be issued under and pursuant to applicant's presently existing Mortgage and Deed of Trust dated as of July 1, 1947, as heretofore supplemented by twelve supplemental indentures and which it is proposed to be further supplemented by a Thirteenth Supplemental Indenture to be dated as of April 1, 1962. The bonds will constitute a new series; they will be dated April 1, 1962; will mature April 1, 1992; and will bear interest at a rate to be fixed by the successful bid in response to the invitation to be published for competitive bidding.

Applicant estimates that the expenses in connection with the issuance and sale of the bonds will amount to \$139,000. It proposes to use the net proceeds to pay outstanding promissory notes and to enable it to go forward with its construction program. It reports that presently it has a revolving line of credit in the aggregate amount of \$45,000,000; that it has outstanding indebtedness under this credit in the amount of \$37,000,000, which is represented by short-term notes; and that it expects to borrow an additional \$5,000,000, bringing its total borrowings up to \$42,000,000 by the time the money from its proposed financing becomes available. Applicant intends to liquidate \$7,000,000 of these borrowings with proceeds from the sale of the common stock offering now being undertaken and to liquidate the remaining \$35,000,000 with bond money.

The application shows that applicant is engaged in a substantial construction program and that it estimates its capital expenditures at \$44,000,000 in 1962 and \$56,000,000 in 1963 as set forth in some detail in the application. It further reports that it will undertake additional outside financing to complete its program but that the nature and timing of such financing have not as yet been determined.

Upon reviewing the present application, we find and conclude that applicant will have need for additional debt financing in order to enable it to liquidate its short-term obligations and to finance permanently its construction

costs and that the issue and sale of the bonds under the terms and for the purposes set forth herein are not adverse to the public interest. We will enter our order granting the application.

The authorization herein granted is for the issue of bonds 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 bonds herein authorized is reasonably required for the purposes specified herein; and that such purposes, except as otherwise authorized, 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 and after the effective date hereof and on or before June 30, 1962, may execute a Thirteenth Supplemental Indenture in the same form, or substantially in the same form, as that filed in this proceeding and may issue and sell not to exceed

\$35,000,000 of its First Mortgage Bonds at competitive bidding to the purchaser, or purchasers, offering the most favorable terms as disclosed by the bids received.

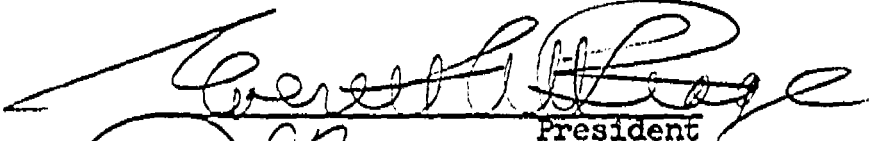




2. Pacific Power & Light Company shall use the net proceeds from the sale of the bonds herein authorized to liquidate its short-term notes outstanding under the terms of its credit agreement and to finance construction costs. The accrued interest to be received may be used for such purposes or for general corporate purposes.

3. Immediately upon awarding the contract for the sale of the \$35,000,000 of bonds, Pacific Power & Light Company shall file a written report with the Commission showing as to each bid received, the name of the bidder, the price, the interest rate and the cost of money to applicant based upon such price and interest rate.

4. Within 30 days after the issue and sale, Pacific Power & Light Company shall file a report with the Commission showing the date on which said bonds were sold, the names of those to whom sold, the amount sold to each, and the consideration received, together with three copies of its prospectus.

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.

  
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President  
  
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Commissioners