

**ORIGINAL**

Decision No. 64216

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 \$2,000,000 principal )  
 amount of its First Mortgage Bonds, )  
 Series J, 4-7/8%, due September 1, )  
 1992, and (b) to execute an Eleventh )  
 Supplemental Indenture to be dated )  
 as of September 1, 1962, supplemental )  
 to its First Mortgage Indenture dated )  
 as of July 1, 1944. )

Application No. 44726  
Filed August 22, 1962

O P I N I O N

California-Pacific Utilities Company has filed this application for authorization to execute a supplemental indenture and to issue and sell \$2,000,000 of bonds.

The bonds will constitute a new series and will be designated as First Mortgage Bonds, Series J, 4-7/8%, due September 1, 1992. They will be callable at the option of the company initially at a premium of 7½% during each of the 12-months' periods ending August 31 of the years 1963 to 1967, inclusive; at a premium of 4% during the 12-months ending August 31, 1968; and thereafter at annually reducing premiums, plus accrued interest in each case. Applicant plans to sell the \$2,000,000 of bonds to five institutional investors at their face value plus accrued interest.

The purpose of the proposed financing is to provide applicant with funds to reimburse its treasury, to repay outstanding short-term indebtedness and to finance, in part, 1962 construction expenditures. The company reports that its unreimbursed expenditures, as of June 30, 1962, amounted to \$9,819,786, no part of which has been capitalized by the issue of securities; that as of June 30, 1962 it had outstanding short-term loans in the amount of \$1,000,000; and that, during 1962 it expects to spend approximately \$3,600,000 for additions and betterments to its properties.

A condensed statement of applicant's resources, liabilities and net worth as of June 30, 1962, prepared from its financial statements submitted to the Commission, is as follows:

<u>Assets</u>	
Utility plant, less depreciation reserve	\$30,586,081
Miscellaneous investments	545,366
Current assets	2,443,112
Deferred debits	<u>292,895</u>
Total	<u>\$33,867,454</u>
<u>Liabilities and Net Worth</u>	
Long-term debt	\$14,308,000
Current liabilities	3,145,260
Deferred credits	653,439
Contributions and advances for construction	793,606
Preferred stock	2,005,860
Common stock and surplus	<u>12,961,289</u>
Total	<u>\$33,867,454</u>

The company's capital ratios, as adjusted to give effect to the proposed new financing, to estimated conversions of debentures and preferred stock into common stock, and to payment of debentures in 1962, are as follows:

First mortgage bonds	48.23%
Debentures	3.65
Total long-term debt	<u>51.88</u>
Preferred stock	6.38
Common stock equity	<u>41.74</u>
Total	<u>100.00%</u>

The company reports that, based on its recorded earnings for the calendar year 1961 and assuming that all the bonds proposed to be sold had been outstanding throughout the year, it would have earned interest on its long-term debt 2.56 times after federal income taxes and 3.94 times before federal income taxes.

We have reviewed this application and applicant's financial statements and we find that applicant has invested in its assets funds which are represented by retained earnings and depreciation reserves, for which it has not been reimbursed by its issue of securities, and that applicant has need for additional funds from external sources to reimburse its treasury, to pay short-term indebtedness and to finance, in part, its proposed construction expenditures. We will enter an order granting the application.

The approval herein given is for the issue of bonds 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 by 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. California-Pacific Utilities Company, on or after the effective date hereof and on or before December 31, 1962, may execute and deliver its Eleventh Supplemental Indenture in the same form, or substantially the same form, as the proposed indenture filed in this proceeding, and California-Pacific Utilities Company may issue and sell not to exceed \$2,000,000 principal amount of First Mortgage Bonds, Series J, 4-7/8%, due September 1, 1992, at not less than their face value, plus accrued interest, and use the proceeds in the manner and for the purposes set forth in this application. The accrued interest may be used for such purposes or for general corporate purposes.

2. California-Pacific Utilities Company shall file with the Commission a report, or 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 shall become effective when California-Pacific Utilities Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$1,500.

Dated at San Francisco, California,  
this 11th day of SEPTEMBER, 1962.

George L. Grover  
President

D. L. Fox

Fredrick B. Hillhoff

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Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.

