

ORIGINAL

Decision No. 64463

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 \$64,000,000 in principal amount of First Mortgage Bonds.

Application No. 44841
Filed October 9, 1962

O P I N I O N

This is an application for an order of the Commission authorizing Pacific Power & Light Company to execute a supplemental indenture and to issue \$64,000,000 of bonds in exchange for presently outstanding bonds of like amount.

Applicant was organized under the laws of the State of Maine on June 16, 1910. It is engaged, as a public utility, in generating, purchasing, transmitting, distributing and selling electric energy in Oregon, Wyoming, Washington, California, Montana and Idaho, and, in addition, in supplying water, steam heat and telephone service in various communities outside of California. In 1961, by merger proceedings, it acquired the operations and properties, subject to liabilities, of The California Oregon Power Company, hereinafter referred to as Copco. According to the application, 6.1 percent of its revenue arises from operations in this State.

As of August 31, 1962, applicant reported outstanding bonded debt as follows:

<u>Pacific Bonds</u>		
3-1/4%	Series due 1977	\$ 29,000,000
3%	Series due 1980	9,000,000
3-5/8%	Series due 1982	12,500,000
3-3/4%	Series due September 1, 1982	7,500,000
3-3/8%	Series due 1984	8,000,000
3-1/2%	Series due August 1, 1984	30,000,000
3-5/8%	Series due 1985	10,000,000
5-3/8%	Series due 1987	12,000,000
5-3/4%	Series due September 1, 1987	20,000,000
4-1/4%	Series due 1988	15,000,000
4-3/8%	Series due July 1, 1988	20,000,000
5-1/8%	Series due 1990	20,000,000
4-3/4%	Series due 1992	<u>35,000,000</u>
Total Pacific Bonds		<u>\$228,000,000</u>
<u>Copco Bonds</u>		
	Series due November 1, 1974, 3-1/8%	\$ 13,500,000
	Series due April 1, 1978, 3-1/8%	4,500,000
	Series due August 1, 1979, 2-7/8%	7,000,000
	Series due June 1, 1981, 3-5/8%	6,000,000
	Series due October 1, 1982, 3-5/8%	7,000,000
	Series due March 1, 1984, 3-1/4%	10,000,000
	Series due May 1, 1986, 3-7/8%	16,000,000
	Series due October 1, 1987, 5-1/8%	<u>10,000,000</u>
Total Copco Bonds		<u>74,000,000</u>
Other bonds		<u>1,165,000</u>
Total		<u>\$303,165,000</u>

The company now is undertaking a program to refinance a substantial portion of its outstanding bonded debt. In Application No. 44840, it reports that it intends to call for payment its outstanding 5-3/8% and 5-3/4% bonds which will mature in 1987, and in the application here under review (No. 44841) it reports that it intends to create seven new

series of bonds in the aggregate amount of \$64,000,000 and to offer said new bonds to the holders of the \$64,000,000 of Copco bonds which will mature during the years 1974 to 1986 in exchange for their holdings. Applicant proposes to issue short-term notes to redeem such of said \$64,000,000 of Copco bonds as are not surrendered for exchange and to redeem the \$10,000,000 5-1/8% Series due October 1, 1987.

The seven new series of applicant's bonds will be in the same amounts as the seven series of Copco bonds, will mature on the same dates and will have the same redemption provisions but, as an inducement to the exchange, will, in each case, bear interest at the rate of one-half of one percent in excess of the present interest rates. The terms of the new series are set forth in applicant's proposed Fifteenth Supplemental Indenture which is filed in this proceeding.

It appears that one of the objectives of the refinancing operation is the satisfaction and discharge of the present Copco mortgage. The Copco bonds were issued under an indenture which constitutes a first lien on the former Copco system and upon extensions and additions thereto made or to be made subsequent to the merger. Applicant reports that the properties in the Copco system cannot be funded by it and used as a basis to draw down its bonds with the result that applicant is restricted in the volume of debt financing it can undertake. Assertedly, the release of the Copco mortgage, as now proposed,

will increase its bondable capital and permit the certification of approximately \$63,000,000 more of bonds than otherwise would be the case. Exhibit H shows that assuming all the Copco bonds are surrendered pursuant to the exchange offers, the net effect of the refinancing plans would be an increase of \$3,600 in annual interest on the company's bonds plus annual interest of \$30,816 on the short-term notes which will be issued to cover redemption costs.

We find that the proposed issues of bonds pursuant to the exchange offers are exempt from the Commission's competitive bidding order, that such issues are for proper purposes and will not impair the company's ability to perform its service, and that the application should be granted. A public hearing is not necessary.

The authorization herein granted is for the purpose of this proceeding only and must not be construed as indicative of amounts to be included in future proceedings 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 the money, property or labor to be procured or paid for through the issue of the bonds herein authorized is reasonably required 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 ORDERED that -

1. Pacific Power & Light Company, on or after the effective date hereof and on or before March 31, 1963, may execute a Fifteenth Supplemental Indenture in the same form, or substantially the same form, as that annexed to the application as Exhibit E and may issue its First Mortgage Bonds for the purpose, under the terms, and in the manner set forth in this proceeding, in amounts as follows:

3-5/8% Series due November 1, 1974	\$13,500,000
3-5/8% Series due April 1, 1978	4,500,000
3-3/8% Series due August 1, 1979	7,000,000
4-1/8% Series due June 1, 1981	6,000,000
4-1/8% Series due October 1, 1982	7,000,000
3-3/4% Series due March 1, 1984	10,000,000
4-3/8% Series due May 1, 1986	<u>16,000,000</u>
Total	<u>\$64,000,000</u>

2. Pacific Power & Light Company shall file with the Commission, on or before April 30, 1963, a statement showing the amount of bonds of each series issued under the authority herein granted in exchange for bonds of The California Oregon Power Company, the expenses incurred in effecting such exchange, and the account, or accounts, to which such expenses were charged.

3. The authority herein granted shall become effective on the date hereof.

Dated at San Francisco, California, this 30th day of OCTOBER, 1962.

George T. Hoover
President

[Signature]

[Signature]

Wesley A. Bagg

Frederic B. Hallock
Commissioners