

ORIGINAL

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Decision No. \_\_\_\_\_

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

PACIFIC POWER & LIGHT COMPANY

for authority to issue not to exceed  
732,854 shares of its Common Stock  
of the par value of \$3.25 per share.

Application No. 45849

O P I N I O N

On October 9, 1963, Pacific Power & Light Company filed the above-entitled application for authorization to issue and sell not to exceed 732,854 shares of its common stock of the par value of \$3.25 each and of the aggregate par value of \$2,381,775.50.

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 twenty 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 for 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 \$18,000,000, which it proposes to use to pay a like amount of the approximately \$23,000,000 of short-term notes anticipated to be outstanding under its credit agreement with certain banks at the time of completing the financing of its 1963 construction program. The company reports that \$8,000,000 of such notes were outstanding at August 31, 1963.

Applicant's capital ratios as of August 31, 1963, and as adjusted to give effect to the issue of the shares of common stock and to the payment of \$8,000,000 of short-term notes, are as follows:

	<u>August 31, 1963</u>	<u>Pro Forma</u>
Bonds, debentures and notes	60%	58%
Preferred stock	9	8
Common stock equity capital	<u>31</u>	<u>34</u>
Total	<u>100%</u>	<u>100%</u>

The Commission has considered this matter and is of the opinion, and so finds, that (1) applicant will have need for additional funds from the issue of securities in order to pay indebtedness; (2) the issue of the shares of common stock under the terms proposed is not adverse to the public interest; (3) the money, property or labor to be procured or paid for by the issue of the shares of stock herein authorized is reasonably required for the purpose specified herein; and (4) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. A public hearing is not necessary.

On the basis of the foregoing findings, we conclude that the application should be granted. In issuing our order herein, we place applicant and its shareholders on notice that we do not regard the number of shares outstanding, the total par value of the shares nor the dividends paid as measuring the return applicant should be allowed to earn on its investment in plant and that the approval herein given is not to be construed as a finding of the value of applicant's stock or properties nor as indicative of amounts to be included in a future rate base for the determination of just and reasonable rates.

No authorization is herein granted to applicant to finance the cost of transmission facilities which cross federal lands, unless and until applicant first shall have obtained the approval of the proper agency of the government of the United States. No part of the securities herein authorized shall be used to finance the 230 kv line from Klamath Falls, Oregon, south into California to interconnect with the system of the Pacific Gas and Electric Company (Keno, Oregon to Stephens Butte, California).

O R D E R

IT IS ORDERED that:

1. Pacific Power & Light Company, on or after the date hereof and on or before March 31, 1964, may issue, sell and deliver, upon subscription pursuant to rights evidenced by transferable warrants, not to exceed 732,854 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.

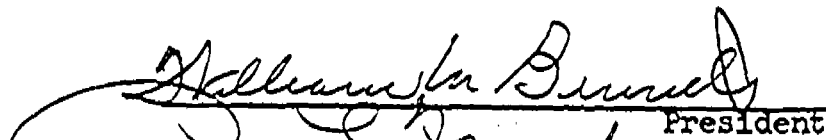
2. Pacific Power & Light Company may sell to underwriters such of said 732,854 shares of common stock as are not subscribed for pursuant to the offer to shareholders, at the same price at which such shares are offered to shareholders, the compensation of the underwriters to be fixed by competitive bidding 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 732,854 shares of common stock for the purpose indicated in this application, except as restricted in the foregoing opinion.

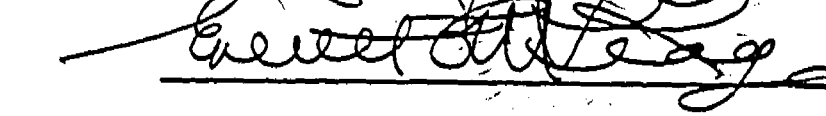
4. On or before April 15, 1964, Pacific Power & Light Company shall file with the Commission a statement showing the number of common shareholders of record at the record date, the number of subscriptions by shareholders and by others, the number of shares subscribed by such shareholders and by others, 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 732,854 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 on the date hereof.

Dated at San Francisco, California, this 22nd day of October, 1963.

  
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President

  
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[unclear]

  
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Commissioners

We concur in the opinion and order except that we dissent, for the same reasons set forth in our dissenting views in Decision No. 65715, dated July 16, 1963, to that portion which prohibits use of the securities to finance construction of the line from Klamath Falls, Oregon, into California.

George E. Grover  
Commissioner

Frederick B. Halaloff  
Commissioner