

**ORIGINAL**

Decision No. 67816

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 \$30,000,000  
in principal amount of First  
Mortgage Bonds.

Application No. 46894  
Filed August 17, 1964

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 and sell, at competitive bidding, \$30,000,000 First Mortgage Bonds.

Applicant, a corporation organized under the laws of the State of Maine, is engaged in business principally as an electric utility in the States of California, Idaho, Montana, Oregon, Washington and Wyoming. It also supplies water, steam heat and telephone service in various communities in its service area, but not in California. For the twelve months ended June 30, 1964, the corporation reports that approximately 97% of its revenue was derived from electric service and that only 5.8% of all revenues originated in California. Its capital ratios as of June 30, 1964, and as adjusted to give effect to the proposed bond issue, are approximately as follows:

	<u>June 30, 1964</u>	<u>Pro Forma</u>
Bonds and debentures	57%	59%
Preferred stock	8	8
Common stock equity	<u>35</u>	<u>33</u>
Total	<u>100%</u>	<u>100%</u>

Pursuant to the competitive bidding requirements of this Commission, applicant seeks authority to issue and sell \$30,000,000 of new bonds to be designated First Mortgage Bonds, Series due 1994, dated as of October 1, 1964, maturing on October 1, 1994, and bearing interest at the rate per annum to be fixed by the bidding. Said bonds will be subject to redemption, in whole or in part, upon proper notice at any time prior to maturity at prices hereafter to be determined. Repayment of principal will be secured by an existing indenture as heretofore supplemented and as further supplemented by a proposed Seventeenth Supplemental Indenture to be dated as of October 1, 1964.

The company asserts that the net proceeds from sale of the new issue will be applied toward (a) repayment of unsecured promissory notes issued in connection with the temporary financing of construction under a 1963 Credit Agreement with banks previously authorized by this Commission, which notes are estimated to aggregate \$16,000,000 principal amount at the time of consummating the sale of the new bonds; (b) repayment of outstanding serial notes totaling \$2,250,000, which were issued to pay for a portion of plant additions pursuant to a 1956 Credit Agreement; and (c) financing construction expenditures in the approximate amount of \$11,750,000.

The Commission has considered this matter and finds that: (1) the proposed bond issue is for proper purposes; (2) applicant's ability to meet its public service responsibilities will not be impaired by the proposed financing; (3) 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 (4) such purposes, except as otherwise authorized for accrued interest, are 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. The authorization herein granted is for the issue of bonds and the execution of a supplemental indenture and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Pacific Power & Light Company may invite the submission of written sealed bids for the purchase of \$30,000,000, in aggregate principal amount, of its First Mortgage Bonds, Series due 1994, such invitation for bids to be published at least four days prior to the date set for the opening of the bids.

2. Pacific Power & Light Company may execute and deliver a Seventeenth Supplemental Indenture in the same form, or in substantially the same form, as that attached to the application as Exhibit E, and may issue and sell said \$30,000,000 of bonds at the price offered which will result in the lowest annual cost of money to be determined in the manner set forth in the bidding papers annexed to the application.

3. Pacific Power & Light Company shall use the net proceeds from the sale of the bonds herein authorized for the purposes set forth in this application. The accrued interest, if any, may be used for such purposes or for general corporate purposes.

4. Immediately upon awarding the contract for the sale of said 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 cost of money to applicant based on such price and interest rate.

5. Within thirty days after the issue and sale of the bonds herein authorized, Pacific Power & Light Company shall file with the Commission three copies of its prospectus relating to said bonds.

6. Within six months after such issue and sale, Pacific Power & Light Company shall file with the Commission

a statement, in lieu of a report under General Order No. 24-B, disclosing the purposes for which the bond proceeds were used.

7. This order shall become effective when Pacific Power & Light Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$6,500.

Dated at San Francisco, California, this 4<sup>th</sup> day of September, 1964.

Frederick B. Hallock  
President  
George L. Hoover

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Commissioners

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

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.

