

**ORIGINAL**

Decision No. SSC37

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. 47815  
Filed August 16, 1965

O P I N I O N

This is an application for an order of the Commission authorizing Pacific Power & Light Company to execute and deliver a supplemental indenture, and to issue and sell \$30,000,000 aggregate principal amount of 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 services in various communities, but not in California. For the twelve months ended June 30, 1965, the corporation reports that approximately 97% of its revenues was derived from electric service and only 5.7% of all revenues originated in California. Its capital ratios as of June 30, 1965, and as adjusted to give effect to the proposed bond issue, are approximately as follows:

	<u>June 30, 1965</u>	<u>Pro Forma</u>
First mortgage bonds	57.8%	59.8%
Convertible debentures	.6	.6
Preferred stock	7.9	7.5
Common stock equity	<u>33.7</u>	<u>32.1</u>
Total	<u>100.0%</u>	<u>100.0%</u>

The company proposes to invite bids for the purchase of \$30,000,000 aggregate principal amount of its First Mortgage Bonds, due 1995, the successful bid to determine the interest rate. The bonds will mature October 1, 1995, and will be secured by a presently existing Mortgage and Deed of Trust dated as of July 1, 1947, as supplemented by seventeen supplemental indentures and a proposed Eighteenth Supplemental Indenture.

The application shows that the estimated expenses related to the issuance and sale of the new bonds will aggregate \$125,000, and that the net proceeds will be applied toward (a) repayment of bank borrowings in an amount of not to exceed \$15,000,000 expected to be outstanding under a previously authorized credit agreement dated as of October 1, 1963, as amended by a letter agreement dated as of March 10, 1965, and (b) carrying forward the company's construction program. According to Exhibit D, attached to the application, the proceeds of said bank borrowings were used, or are to be used, in financing temporarily applicant's construction program for which the estimated 1965 and 1966 expenditures are segregated as follows:

	<u>1965</u>	<u>1966</u>
Electric power production facilities	\$ 7,272,000	\$ 2,200,000
Electric transmission facilities	15,460,000	10,165,000
Electric distribution facilities	17,246,000	20,000,000
Steam heating, telephone and water utility facilities	1,529,000	1,885,000
Other plant facilities, surveys and investigations	<u>5,947,000</u>	<u>5,750,000</u>
Total	<u>\$47,454,000</u>	<u>\$40,000,000</u>

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; (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; and (5) the proposed Eighteenth Supplemental Indenture would not be adverse to the public interest.

On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary. The authorization herein given is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

ORDER

IT IS ORDERED that:

1. Pacific Power & Light Company may execute and deliver an Eighteenth Supplemental Indenture in the same form, or in substantially the same form, as that attached to the application as Exhibit E.
2. Pacific Power & Light Company may invite the submission of written sealed bids for the purchase of \$30,000,000 aggregate principal amount of its First Mortgage Bonds, due 1995, such invitation for bids to be published at least four days prior to the date set for the opening of the bids.

3. Pacific Power & Light Company may issue and sell said bonds in the aggregate principal amount of \$30,000,000 at the price offered in said bids which will result in the lowest cost of money to applicant determined as set forth in Exhibit G attached to the application.

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

5. 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 upon such price and interest rate.

6. 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.

7. 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.

8. 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 \$6,750.

Dated at San Francisco, California, this 8<sup>th</sup> day of SEPTEMBER, 1965.

Frederick B. Hallock  
President

George H. Trover

Augustus

William C. Bennett  
Commissioners

