

ORIGINAL

Decision No. 69871

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)
250,000 shares of its Common)
Stock of the par value of \$3.25)
per share under Applicant's)
Employees' Stock Purchase Plan.)

Application No. 47916
Filed September 24, 1965

O P I N I O N

Pacific Power & Light Company has filed this application requesting authorization from the Commission to issue and sell, in accordance with the terms of an Employees' Stock Purchase Plan, not to exceed 250,000 shares of its \$3.25 par value common stock having an aggregate par value of \$812,500.

According to the application, the plan was adopted by the company's Board of Directors on January 26, 1965 and was approved by the stockholders on April 20, 1965. The purposes of the plan are to encourage employees to become stockholders in the company, to stimulate increased interest on their part in the affairs of the company, to afford them an opportunity to share in the profits and growth of the company and to promote systematic savings by the employees.

The plan continues a program commenced in 1953, under which 12 annual offerings of common stock have been made to the

company's employees. Applicant indicates that the Revenue Act of 1964 contains certain provisions for the qualification of employees' stock purchase plans if specified conditions are met. In order to meet such conditions, the plan adopted in 1965 provides for: (a) a fixed number of shares to be offered; (b) an offering price of ninety percent of the fair market value on the date an offering of shares is commenced; (c) a maximum period of 27 months for the making of subscription payments; and (d) prohibitions against the acquisition under the plan of more than five percent of voting power or of the fair market value of all classes of stock and against the acquisition thereunder of the right to purchase shares in excess of \$25,000 in aggregate fair market value in any one calendar year.

Applicant proposes to use the net proceeds from the stock offerings to finance construction, improvement and extension of its electric facilities. Based upon past experience, the company estimates that 250,000 shares will be a sufficient number for five successive yearly offerings under the 1965 plan. The application shows that the offering price would have been ninety percent of \$27, or \$24.30, on the basis of bid and asked prices quoted for September 13, 1965.

The Commission has considered this matter and finds that: (1) the proposed issue of common stock under the Employees' Stock Purchase Plan would not be adverse to the public interest; (2) the money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purposes specified herein; and

(3) such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

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 authorization 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 proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Pacific Power & Light Company may issue and sell not to exceed 250,000 shares of its common stock, or such number of shares as may be required upon adjustments of capitalization, under and pursuant to the terms of its Employees' Stock Purchase Plan, a copy of which is attached to the application as Exhibit G.
2. Pacific Power & Light Company shall use the proceeds from the sale of such shares for the purposes specified in this proceeding.

3. Pacific Power & Light Company shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

4. The effective date of this order is the date hereof.

Dated at San Francisco, California, this 2nd day of NOVEMBER, 1965.

Frederick B. Hallock
President
John E. Whitehill
Augustus
William B. Bernard
George E. Grover
Commissioners