

**ORIGINAL**

Decision No. 70441

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
CALIFORNIA-PACIFIC UTILITIES COMPANY )

for an order authorizing it (a) to )  
issue and sell \$3,000,000 principal )  
amount of its First Mortgage Bonds, )  
Series L, 5.15%, due March 1, 1996, )  
and (b) to execute a Thirteenth )  
Supplemental Indenture to be dated )  
as of March 1, 1966, supplemental )  
to its First Mortgage Indenture )  
dated as of July 1, 1944. )

Application No. 48188  
Filed January 19, 1966  
and Amendment  
Filed February 28, 1966

O P I N I O N

This is an application for an order of the Commission authorizing California-Pacific Utilities Company to issue and sell \$3,000,000 aggregate principal amount of its first mortgage bonds and to execute a Thirteenth Supplemental Indenture.

Applicant is a California corporation owning and operating public utility electric, gas, water and telephone systems in various parts of California and Nevada; electric, gas and telephone systems in Oregon; and electric systems in Arizona and Utah. The company is also engaged in the nonutility sale of butane-propane gas in California and Oregon. For the twelve months ended December 31, 1965, the utility reports total operating revenues of \$16,957,058 and net income \$1,749,713.

The corporation's reported capitalization ratios as of December 31, 1965, and giving effect to the financing proposed herein, are summarized as follows:

	<u>December 31, 1965</u>	<u>Pro Forma</u>
Long-term debt	47%	51%
Preferred stock	4	3
Common stock equity	<u>49</u>	<u>46</u>
Total	<u>100%</u>	<u>100%</u>

Applicant states that it has outstanding \$2,500,000 of short-term bank loans due in 1966 which were incurred for construction purposes. According to the application, the utility's unreimbursed construction expenditures, as of November 30, 1965, aggregated \$12,306,588, and applicant expects to expend approximately \$6,200,000 for additions and betterments to its properties during the year 1966.

The bond issue proposed in this proceeding will constitute a new series to be designated First Mortgage Bonds, Series L, 5.15%, due March 1, 1996. Said bonds will be subject to the five-year restricted redemption provision frequently imposed on long-term issues, and will be secured by an existing Indenture as heretofore supplemented, and as further supplemented by a Thirteenth Supplemental Indenture.

The company plans to sell the \$3,000,000 of new bonds to two institutional investors at their principal amount plus accrued interest. Applicant reports that the bond proceeds will be used to repay outstanding short-term loans, and to finance a portion of its 1966 construction program.

The Commission has considered this matter and finds that: (1) the proposed bond issue is for proper purposes; (2) applicant will be required to pay interest at a lower rate than it would in the absence of a restricted redemption provision;

(3) the proposed Thirteenth Supplemental Indenture will not be adverse to the public interest; (4) 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 (5) 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, as amended, should be granted. The authorization herein given is for the purpose of this proceeding only 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. California-Pacific Utilities Company may execute and deliver a Thirteenth Supplemental Indenture in the same form, or in substantially the same form, as that filed in this proceeding as Exhibit C.

2. California-Pacific Utilities Company may issue and sell not to exceed \$3,000,000 aggregate principal amount of its First Mortgage Bonds, Series L, 5.15%, due March 1, 1996, at not less than their principal amount plus accrued interest, for the purposes specified in the application, as amended. The accrued interest to be received may be used for such purposes or for general corporate purposes.

3. California-Pacific Utilities 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. This order shall become effective when California-Pacific Utilities Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$2,000.

Dated at San Francisco, California, this 15<sup>th</sup> day of MARCH, 1966.

Fredrick B. Hallock  
President

George J. Hoover

William Va. Bennett  
Commissioners

PUBLIC UTILITIES COMMISSION  
STATE OF CALIFORNIA

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By BAC