

ORIGINAL

Decision No. 76252

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 \$20,000,000)
 in principal amount of First)
 Mortgage Bonds and 150,000 shares of)
 Serial Preferred Stock.)
 _____)

Application No. 51390
Filed September 25, 1969

O P I N I O N

Pacific Power & Light Company requests an order of the Commission authorizing it to execute and deliver a supplemental indenture, and to issue \$20,000,000 principal amount of bonds and 150,000 shares of \$100 par value preferred stock.

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 12 months ended July 31, 1969, the corporation reports that approximately 96% of its revenues were derived from its electric business, and that only 5.4% of all revenues originated in California. The utility's capitalization ratios

as of July 31, 1969, after giving effect to the proposed security issues, are computed from Exhibit F, attached to the application, as follows:

Long-term debt	60.8%
Preferred stock	8.5
Common stock equity	<u>30.7</u>
Total	<u>100.0%</u>

The company proposes to invite bids for the purchase of \$20,000,000 aggregate principal amount of its First Mortgage Bonds, due November 1, 1999, and 150,000 shares of its \$100 par value Serial Preferred Stock, the successful bids to determine the respective interest and dividend rates. The securities will be subject to restricted redemption provisions until November 1, 1974, and the bonds will be secured by a Mortgage and Deed of Trust dated as of July 1, 1947, as supplemented by twenty supplemental indentures and a proposed Twenty-first Supplemental Indenture.

The net proceeds to be derived from the sale of the proposed securities will be used to retire, in part, short-term bank borrowings incurred for the purpose of temporarily financing the company's construction program. For the year 1969, applicant's estimated construction expenditures amount to \$67,500,000.

After consideration the Commission finds that:

1. The proposed security issues are for proper purposes.
2. Applicant has need for funds from external sources for the purposes set forth in this proceeding.
3. Applicant will be required to pay interest and dividends at lower effective rates than it would in the absence of the proposed restricted redemption provisions.
4. The proposed Twenty-first Supplemental Indenture will not be adverse to the public interest.
5. The money, property or labor to be procured or paid for by the issue of the securities herein authorized is reasonably required for the purposes specified herein, which purposes, except as otherwise authorized for accrued interest, are not, in whole or in part, reasonably chargeable to operating expenses or to income.

On the basis of the foregoing 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 it should be allowed to earn on its investment in plant, and that the authorization herein granted is not to be construed as a finding of the value of the company'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 execute and deliver a Twenty-first 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 not exceeding 150,000 shares of its Serial Preferred Stock and \$20,000,000 aggregate principal amount of its First Mortgage Bonds, due November 1, 1999, the invitations for bids to be published at least four days prior to the opening of the bids.

3. Pacific Power & Light Company may issue and sell said preferred stock and bonds at the prices 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, other than accrued interest, from the sale of said preferred stock and 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 contracts for the sale of said securities, Pacific Power & Light Company shall file written reports with the Commission showing, as to each bid

received, the name of the bidder, the price, the dividend or interest rate and cost of money to applicant based upon such price and dividend or interest rate.

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

7. Within three months after such issue and sale, Pacific Power & Light Company shall file with the Commission a statement, or statements, in lieu of a report, or reports, under General Order No. 24-B, disclosing the purposes for which the security issue proceeds were used.

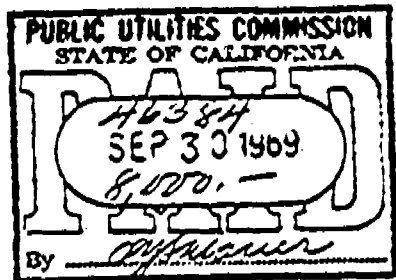
8. This order shall become effective when Pacific Power & Light Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$8,000.

Dated at San Francisco, California, this 30th day of SEPTEMBER, 1969.

William Synovis, Jr.
President

[Signature]
[Signature]

Samuel L. Stinson
Commissioners



Commissioner A. W. Gatov, being necessarily absent, did not participate in the disposition of this proceeding.