

ORIGINAL

Decision No. 77241

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
)	
PACIFIC POWER & LIGHT COMPANY)	Application No. 51884
)	Filed May 7, 1970
for an order authorizing the issuance)	
of not to exceed 1,562,691 shares of)	
its Common Stock of the par value of)	
\$3.25 per share.)	
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O P I N I O N

Pacific Power & Light Company requests an order of the Commission authorizing it to issue and sell not exceeding 1,562,691 shares of its common stock of the par value of \$3.25 each and of the aggregate par value of \$5,078,745.75.

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 March 31, 1970, the corporation reports that approximately 96% of its operating revenues was derived from its electric business, and that only 5.1% of all revenues originated in California.

Pursuant to an underwritten rights offering, the utility proposes to issue and sell such number of shares of common stock as will enable its common stockholders to purchase additional shares in the ratio of one new share of common stock for each ten shares held of record. Supplementary subscription rights are contemplated, and the offering will not exceed 1,562,691 shares. The price will reflect a discount of not more than 10% from the closing price of the stock on either the day of, or the last trading day before, determination. Unsubscribed shares would be sold at competitive bidding, the winning bid to be that which will provide for the lowest aggregate amount of compensation to the bidder or bidders.

Applicant estimates that the net proceeds to be realized from the issuance and sale of the additional common stock will amount to \$27,000,000. Such sum will be used to retire short-term notes representing temporary financing of a portion of the company's construction program, and to meet 1970 construction expenditures. In this connection the utility's estimated total 1970 construction expenditures aggregate \$121,345,000.

The utility's capitalization ratios as of March 31, 1970, and as adjusted to give effect to the proposed stock issue, are computed from Exhibit F, attached to the application, as follows:

	<u>March 31, 1970</u>	<u>Pro Forma</u>
Long-term debt	61.2%	59.1%
Preferred stock	8.3	8.0
Common stock equity	<u>30.5</u>	<u>32.9</u>
Total	<u>100.0%</u>	<u>100.0%</u>

After consideration the Commission finds that:

1. The proposed stock issue is for proper purposes.
2. Applicant has need for funds from external sources for the purposes set forth in this proceeding.
3. The issue of the shares of common stock under the terms proposed is not adverse to the public interest.
4. 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, which purposes 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, on or after the effective date hereof and on or before September 30, 1970, may issue, sell and deliver, upon subscription pursuant to rights evidenced by transferable warrants, not exceeding 1,562,691 shares of its common stock at a price representing a discount of not more than 10% from the closing price of the stock on either the day of, or the last trading day before, the Board of Directors meeting called to fix such price.

2. Pacific Power & Light Company may sell at competitive bidding any unsubscribed shares authorized by Ordering Paragraph No. 1 hereof, the price to be the same as the offering price to shareholders, and the winning bid to provide for the lowest aggregate amount of compensation for commitments to purchase unsubscribed shares at such price. At least four days shall elapse between the invitation publication date and the bid opening date.

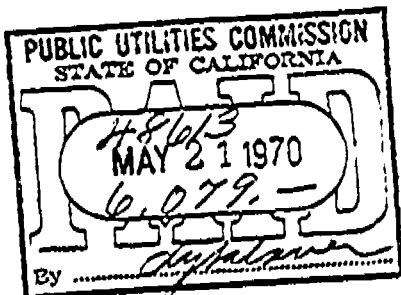
3. Pacific Power & Light Company shall use the net proceeds from the sale of said common stock for the purposes set forth in this proceeding.

4. In accordance with Section 12 of the application, Pacific Power & Light Company shall file with the Commission the subscription price and competitive bidding data, together with three copies of the prospectus and underwriting agreement referred to therein.

5. As promptly as practicable but not later than October 31, 1970, Pacific Power & Light Company shall file with the Commission a statement showing the number of shares sold pursuant to the subscription offer, the number of shares sold to a competitive bidder, or bidders, the aggregate gross and net proceeds, and the purposes for which said proceeds were used. Such statement shall be in lieu of a report under General Order No. 24-B.

6. This order shall become effective when Pacific Power & Light Company has paid the fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$6,079.

Dated at San Francisco, California, this 19th day of MAY, 1970.



William J. Quinn
President
August
[Signature]
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Vernon L. Sturgeon
Commissioners