

ORIGINAL

Decision No. 77249

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 to issue )  
 and sell \$3,000,000 principal amount )  
 of its First Mortgage Bonds, Series P, )  
 9-3/4% due June 1, 2000, and to )  
 execute a Seventeenth Supplemental )  
 Indenture to be dated as of June 1, )  
 1970, supplemental to its First )  
 Mortgage Indenture dated as of )  
 July 1, 1944. )

) Application No. 51868  
) Filed May 1, 1970

O P I N I O N

California-Pacific Utilities Company requests an order of the Commission authorizing it to issue and sell \$3,000,000 principal amount of its bonds, and to execute and deliver a supplemental indenture.

Applicant is a California corporation owning and operating public utility electric, gas, water and telephone systems in 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 year 1969, the utility reports total operating

revenues and net income of \$21,790,737 and \$2,011,611, respectively. The corporation's reported capital ratios as of December 31, 1969, and as adjusted to give effect to the proposed \$3,000,000 bond issue, are summarized from the application, as follows:

	<u>December 31, 1969</u>	<u>Pro Forma</u>
Long-term debt	54.59%	57.06%
Preferred stock	2.77	2.63
Common stock equity	<u>42.64</u>	<u>40.31</u>
Total	<u>100.00%</u>	<u>100.00%</u>

According to the application, the utility's outstanding notes, representing short-term bank loans incurred for construction purposes, aggregated \$5,000,000 at the time of filing. The company reports unreimbursed construction expenditures aggregating \$12,817,354 as of December 31, 1969. It expects to expend approximately \$6,500,000 for additions and betterments to its properties during the year 1970.

In order to obtain funds for repaying outstanding short-term notes applicant proposes to issue and sell \$3,000,000 principal amount of its First Mortgage Bonds, Series P, 9-3/4%, due June 1, 2000. The bonds will be secured by an existing indenture as heretofore supplemented and as further supplemented by a proposed Seventeenth Supplemental Indenture. Applicant intends to sell said bonds, at a price of 100% of their principal amount plus accrued interest, to Lincoln National Life Insurance Company, Western & Southern Life Insurance Company and Modern Woodmen of America in

principal amounts of \$2,250,000, \$500,000 and \$250,000, respectively. The utility has agreed to pay Dean Witter & Co. Incorporated a fee of \$15,000 for placing the bonds.

A ten-year restricted redemption provision will apply to the proposed bond issue. The application contains detailed information in justification of such provision.

After consideration the Commission finds that:

1. The proposed bond issue is for proper purposes.
2. Applicant has need for funds from external sources for the purpose of repaying bank loans.
3. Applicant will be required to pay interest at a lower rate than it would in the absence of the proposed restricted redemption provision.
4. The proposed Seventeenth Supplemental Indenture would not be adverse to the public interest.
5. 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, 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. The authorization herein granted 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 its Seventeenth Supplemental Indenture to be dated as of June 1, 1970, supplemental to its First Mortgage Indenture dated as of July 1, 1944, which document shall be in the same form, or in substantially the same form, as Exhibit C attached to the application.

2. California-Pacific Utilities Company may issue and sell not exceeding \$3,000,000 principal amount of its First Mortgage Bonds, Series P, 9-3/4%, due June 1, 2000, upon the terms and conditions set forth in purchase contracts in the same form, or in substantially the same form, as contained in Exhibit D attached to the application.

3. California-Pacific Utilities Company shall repay bank loans from the net proceeds, other than accrued interest, to be derived from the bonds herein authorized. The accrued interest may be used for said purpose or for general corporate purposes.

4. 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.

5. 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 \$4,000.

Dated at \_\_\_\_\_ San Francisco \_\_\_\_\_, California,  
this 22nd day of \_\_\_\_\_ MAY \_\_\_\_\_, 1970.

William Synovis, Jr.  
President

Augustin  
J.P. Korman

Thomas L. Sturgeon  
Commissioners

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.

