

ORIGINAL

Decision No. 77300

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
)	
PACIFIC POWER & LIGHT COMPANY)	Application No. 51902
)	Filed May 15, 1970
for authority to issue \$25,000,000)	
in principal amount of First)	
Mortgage Bonds.)	

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 and sell \$25,000,000 aggregate principal amount of bonds.

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.

The company proposes to invite bids for the purchase of \$25,000,000 aggregate principal amount of its First Mortgage Bonds due 2000, the successful bid to determine the interest rate. The bonds will be subject to a restricted redemption provision until July 1, 1975, and will be secured by a Mortgage and Deed of Trust dated as of July 1, 1947, as supplemented by twenty-one supplemental indentures and a proposed Twenty-second Supplemental Indenture.

The estimated net proceeds of \$25,000,000 to be realized from the issuance and sale of the new bonds 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 a proposed common stock issue estimated to raise \$27,000,000 and to the proposed \$25,000,000 bond issue, are as follows:

	<u>March 31, 1970</u>	<u>Pro Forma</u>
Long-term debt	61.2%	60.4%
Preferred stock	8.3	7.8
Common stock equity	<u>30.5</u>	<u>31.8</u>
Total	<u>100.0%</u>	<u>100.0%</u>

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 purposes set forth in this proceeding.
3. Applicant will be required to pay interest at a lower effective rate than it would in the absence of the proposed restricted redemption provision.
4. The proposed Twenty-second 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. Pacific Power & Light Company may execute and deliver a Twenty-second Supplemental Indenture in the same form, or in substantially the same form, as that attached to the application as Exhibit D.

2. Pacific Power & Light Company may invite the submission of written sealed bids for the purchase of not exceeding \$25,000,000 aggregate principal amount of its First Mortgage Bonds due 2000, the invitation 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 bonds in the aggregate principal amount of not exceeding \$25,000,000 at the price offered in said bids which will result in the lowest cost of money to applicant.

4. Pacific Power & Light Company shall use the net proceeds, other than accrued interest, from the sale of said 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.

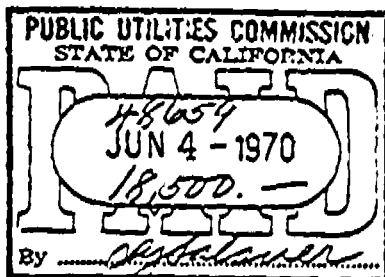
5. Immediately upon awarding the contract for the sale of said bonds, Pacific Power & Light Company shall file a written report with the Commission showing, as to each bid received, the name of the bidder, the price, the interest rate and cost of money to applicant based upon such price and interest rate.

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

7. Within three months after such issue and sale, Pacific Power & Light Company shall file with the Commission a statement, in lieu of a report under General Order No. 24-B, disclosing the purposes for which the bond 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 \$18,500.

Dated at San Francisco, California,
this 3rd day of JUNE, 1970.



William S. Young, Jr.
President

August

[Signature]

William L. Sturgeon
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.