

ORIGINAL

Decision No. 78702

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)
PACIFIC POWER & LIGHT COMPANY)
for an order authorizing the)
issuance of 300,000 shares of)
a new series of Serial Preferred)
Stock.)

Application No. 52598
Filed May 4, 1971

O P I N I O N

Pacific Power & Light Company seeks an order of the Commission authorizing it to issue and sell 300,000 shares of \$100 par value preferred stock, the aggregate par value being \$30,000,000.

Applicant is a corporation organized under the laws of the State of Maine. It is engaged in business principally as an electric utility in the States of California, Idaho, Montana, Oregon, Washington and Wyoming. The utility also supplies water, steam heat and telephone services in various communities, but not in California. For the 12 months ended March 31, 1971, the corporation reports that approximately 96% of its operating revenues was derived from its electric business, and that only 5.2% of all revenues originated in California.

The company proposes to invite bids (which shall be not less than \$100 nor more than \$102.75 per share) for the purchase of 300,000 shares of its \$100 par value Serial Preferred Stock, the successful bid to determine the dividend rate. Such stock will be subject to restricted redemption provisions until July 1, 1976. Applicant will use the estimated net proceeds of \$30,000,000 for retiring short-term bank borrowings and commercial paper, the proceeds of which have been, or will be, used for temporarily financing a part of its 1971 construction program.

Capitalization ratios of the utility as of March 31, 1971, 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, 1971</u>	<u>Pro Forma</u>
Long-term debt	61.2%	59.1%
Preferred stock	7.4	10.6
Common stock equity	<u>31.4</u>	<u>30.3</u>
Total	<u>100.0%</u>	<u>100.0%</u>

After consideration the Commission finds that:

1. The proposed preferred stock issue is for a proper purpose.
2. Applicant has need for external funds for the purpose set forth in this proceeding.
3. Applicant would be required to pay dividends at a lower effective rate than it would in the absence of the proposed restricted redemption provisions.

4. The money, property or labor to be procured or paid for by the issue of the preferred stock herein authorized is reasonably required for the purpose specified herein, which purpose is 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 invite the submission of written sealed bids for the purchase of not exceeding 300,000 shares of its \$100 par value Serial Preferred Stock.

2. Pacific Power & Light Company may issue and sell said preferred stock at the price 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.

3. Pacific Power & Light Company shall use the net proceeds from the sale of said preferred stock for the purpose set forth in the application.

4. Promptly after awarding the contract for the sale of said preferred stock, 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 dividend rate and the cost of money to applicant based upon such price and dividend rate.

5. As soon as available, Pacific Power & Light Company shall file with the Commission three copies of its prospectus relating to said preferred stock.

6. Within one month after issuing and selling the preferred stock herein authorized, Pacific Power & Light Company shall file with the Commission a statement, in lieu of a report under General Order No. 24-B, disclosing the purpose for which the preferred stock issue proceeds were used.

7. 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 \$21,412.50.

Dated at San Francisco, California, this 17th day of MAY, 1971.

[Signature]
Chairman
[Signature]
[Signature]
Vernon L. Sturgeon
[Signature]
Commissioners

