

Decision No. 79052

ORIGINAL

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 R, 8-3/4%)
due September 1, 1995, and to)
execute a Nineteenth Supplemental)
Indenture to be dated as of)
September 1, 1971, supplemental)
to its First Mortgage Indenture)
dated as of July 1, 1944.)

Application No. 52760
Filed July 20, 1971

O P I N I O N

California-Pacific Utilities Company seeks 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 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 propane

in California and Oregon. For the 12 months ended May 31, 1971, the utility reports total operating revenues and net income of \$25,097,284 and \$2,251,669, respectively. The corporation's reported capital ratios as of May 31, 1971, and as adjusted to give effect to the proposed \$3,000,000 bond issue, are summarized from the application as follows:

	<u>May 31, 1971</u>	<u>Pro forma</u>
Long-term debt	52.60%	54.88%
Preferred stock	7.28	6.93
Common stock equity	<u>40.12</u>	<u>38.19</u>
Total	<u>100.00%</u>	<u>100.00%</u>

The application indicates that the utility's outstanding notes, representing short-term bank loans incurred for construction purposes and for retiring outstanding funded debt, aggregated \$3,000,000 at the time of filing, which bank loans are expected to aggregate \$5,300,000 by the time the proceeds of the proposed bond issue are received. The company reports unreimbursed construction expenditures aggregating \$21,045,450 as of May 31, 1971. It expects to expend approximately \$7,000,000 for additions and betterments to its properties during the year 1971.

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 R, 8-3/4%, due September 1, 1995. The bonds would be secured by an existing indenture as heretofore supplemented

and as further supplemented by a proposed Nineteenth Supplemental Indenture. The company intends to sell said bonds at a price of 100% of their principal amount plus accrued interest to three institutional investors, and has agreed to pay Dean Witter & Co. Incorporated a fee of \$15,000 for placing the bonds. A ten-year restricted redemption provision would apply to the proposed bond issue.

After consideration the Commission finds that:

1. The proposed bond issue is for proper purposes.
2. Applicant has need for external funds for the purpose of repaying bank loans.
3. Applicant would be required to pay interest at a lower rate than it would in the absence of the proposed restricted redemption provision.
4. The proposed Nineteenth 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 may execute and deliver its Nineteenth Supplemental Indenture to be dated as of September 1, 1971, 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 D 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 R, 8-3/4%, due September 1, 1995, upon the terms and conditions set forth in purchase contracts in the same form, or in substantially the same form, as Exhibit E attached to the application.

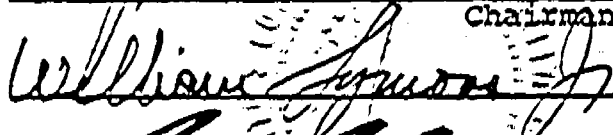
3. California-Pacific Utilities Company shall repay bank loans from the net proceeds, other than accrued interest, to be derived from the bonds herein authorized. The accrued interest may be used for said purpose or for general corporate purposes.


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 24th day of AUGUST, 1971.



Chairman






Commissioners

