

ORIGINAL

Decision No. 79110

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)
PACIFIC POWER & LIGHT COMPANY)
for authority to issue \$35,000,000)
in principal amount of First)
Mortgage Bonds.)

Application No. 52799
Filed August 9, 1971

O P I N I O N

Pacific Power & Light Company seeks an order of the Commission authorizing it to execute and deliver a supplemental indenture, and to issue and sell \$35,000,000 aggregate principal amount of bonds.

Applicant is a corporation organized under the laws of the State of Maine, and 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 service in various communities, but not in California. For the 12 months ended June 30, 1971, the utility 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 for the purchase of \$35,000,000 aggregate principal amount of its First Mortgage Bonds due October 1, 2001, the successful bid to determine the

interest rate. The bonds would be subject to a restricted redemption provision until October 1, 1976, and would be secured by a Mortgage and Deed of Trust dated as of July 1, 1947, as supplemented by twenty-three supplemental indentures and a proposed Twenty-fourth Supplemental Indenture.

The estimated net proceeds of \$35,000,000 to be realized from the issuance and sale of the new bonds would be used to retire short-term notes representing temporary financing of a portion of the company's construction program. The aggregate principal amount of such notes which would be outstanding at the time of the sale of the proposed bonds is estimated at \$39,000,000.

The utility's reported capitalization ratios as of June 30, 1971, and as adjusted to give effect to the proposed \$35,000,000 bond issue, are as follows:

	<u>June 30, 1971</u>	<u>Pro Forma</u>
Long-term debt	58.7%	60.3%
Preferred stock	10.7	10.3
Common stock equity	<u>30.6</u>	<u>29.4</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 external funds for the purposes set forth in this proceeding.
3. Applicant would 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-fourth 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-fourth Supplemental Indenture in substantially the same form as Exhibit D, attached to the application.
2. Pacific Power & Light Company may invite the submission of written sealed bids for the purchase of not exceeding \$35,000,000 aggregate principal amount of its First Mortgage Bonds due October 1, 2001.
3. Pacific Power & Light Company may issue and sell said bonds in the aggregate principal amount of not exceeding \$35,000,000 at the price offered in a bid which would result in the lowest cost of money to applicant calculated in the

manner provided in the Statement of Terms and Conditions Relating to Bids, a copy of which is attached to the application as part of Exhibit G.

4. Pacific Power & Light Company shall use the net proceeds, other than accrued interest, from the sale of said bonds for the purpose set forth in the application. The accrued interest, if any, may be used for such purpose or for general corporate purposes.

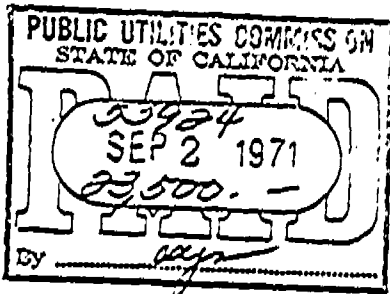
5. Promptly after awarding the contract for the sale of said bonds, Pacific Power & Light Company shall file a written report with the Commission showing, as to each bid received, the name of the bidder, the price, the interest rate and cost of money to applicant based upon such price and interest rate.

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

7. Within thirty days 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 \$23,500.

Dated at San Francisco, California,
this 31st day of AUGUST, 1971.



[Signature] Chairman
William S. Gorman Jr.
[Signature]
Samuel L. Sturgeon
[Signature] Commissioners