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Decision No. 79862

ORIGINAL

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 not to)
exceed 1,729,212 shares of its)
Common Stock of the par value)
of \$3.25 per share.)

Application No. 53195
(Filed March 8, 1972)

O P I N I O N

Pacific Power & Light Company seeks an order of the Commission authorizing it to issue and sell not exceeding 1,729,212 shares of its common stock of the par value of \$3.25 each and of the aggregate par value of \$5,619,939.

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 year 1971, the utility reports that 5.3% of all its revenues originated in California.

Pursuant to an underwritten rights offering, the company proposes to issue and sell such number of shares of common stock as would enable its common shareholders to purchase additional shares in the ratio of one new share of common stock for each ten shares held of record. Supplementary subscription rights are contemplated, and the offering would not exceed 1,729,212 shares. The price would reflect a discount of not more than 10% from the market price of the stock.

Unsubscribed shares would be sold at competitive bidding, the winning bid to be that which would provide the lowest aggregate amount of compensation to the bidder or bidders.

Applicant estimates that the net proceeds to be realized from the issuance and sale of the additional common stock would amount to \$38,000,000. The utility would use the net proceeds to retire a portion of its short-term notes estimated to amount to approximately \$55,000,000 at the time of receiving the proceeds. According to Exhibit D, attached to the application, the company used, or will use, the note proceeds for financing, in part, its construction program, and for refunding similar notes. For 1972, applicant's estimated construction expenditures aggregate \$100,845,000.

The utility's capitalization ratios as of December 31, 1971, and as adjusted to give effect to the proposed stock issue, are reported as follows:

	<u>Dec. 31, 1971</u>	<u>Pro forma</u>
Long-term debt	59.8%	57.4%
Preferred stock	10.3	9.8
Common stock equity	<u>29.9</u>	<u>32.8</u>
Total	<u>100.0%</u>	<u>100.0%</u>

After consideration the Commission finds that:

1. The proposed stock issue is for a proper purpose.
2. Applicant has need for external funds for the purpose set forth in this proceeding.

3. The money, property or labor to be procured or paid for by the issue of the 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, on or after the effective date hereof and on or before July 31, 1972, may issue, sell and deliver, upon subscription pursuant to rights evidenced by transferable warrants, not exceeding 1,729,212 shares of its common stock at a price amounting to at least 90% of the closing price of the stock on either the day that, or the last trading day before, the Board of Directors fixes the price.

2. Pacific Power & Light Company may sell at competitive bidding any unsubscribed shares authorized by Ordering Paragraph No. 1 hereof, the price to be the same as the offering price to shareholders, and the winning bid to provide for the lowest aggregate amount of compensation for commitments to purchase unsubscribed shares at such price. At least four days shall elapse between the invitation publication date and the bid opening date.

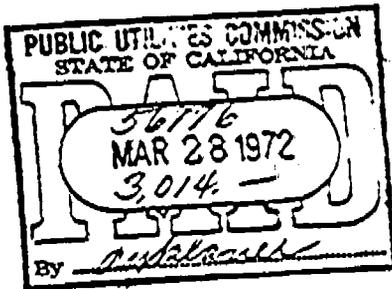
3. Pacific Power & Light Company shall use the net proceeds from the sale of said common stock for the purpose set forth in this proceeding.

4. In accordance with Section 13 of the application, Pacific Power & Light Company shall file with the Commission the subscription price and competitive bidding data, together with three copies of the prospectus and underwriting agreement referred to therein.

5. As soon as practicable but not later than August 31, 1972, Pacific Power & Light Company shall file with the Commission a statement showing the number of shares sold pursuant to the subscription offer, the number of shares sold to a competitive bidder, or bidders, the aggregate gross and net proceeds, and the purpose for which said proceeds were used. Such statement shall be in lieu of a report under General Order No. 24-B.

6. This order shall become effective when Pacific Power & Light Company has paid the fee computed in accordance with Section 1904.2 of the Public Utilities Code, which fee is \$3,014.

Dated at San Francisco, California, this 28th day of MARCH, 1972.



Chairman
William S. ...

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Commissioners

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