

Decision No. 80486

**ORIGINAL**

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 \$30,000,000 in principal amount )  
 of First Mortgage Bonds and 250,000 )  
 shares of Serial Preferred Stock of )  
 the par value of \$100 per share. )

Application No. 53534  
 (Filed August 21, 1972)

O P I N I O N

Pacific Power & Light Company seeks authority to execute and deliver a supplemental indenture, and to issue and sell \$30,000,000 aggregate principal amount of bonds and 250,000 shares of \$100 par value preferred stock.

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 outside of California. For the 12 months ended June 30, 1972, 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 \$30,000,000 aggregate principal amount of its First Mortgage Bonds due October 1, 2002, and 250,000 shares of its \$100 par value Serial Preferred Stock, the successful bids to determine the respective interest and dividend rates. The securities would be subject to restricted redemption provisions until October 1, 1977, and the bonds would be secured by a Mortgage and Deed of Trust dated as of July 1, 1947, as supplemented by twenty-four supplemental indentures and a proposed Twenty-fifth Supplemental Indenture.

The net proceeds to be realized from the issuance and sale of the proposed securities would be used (a) to retire short-term notes representing temporary financing of a portion of the company's construction program, and (b) to finance, in part, applicant's 1972-1973 construction program. Any accrued interest would be used for such purposes or for general corporate purposes. The aggregate principal amount of such notes which would be outstanding at the time of the sale of the proposed securities is estimated at \$38,000,000.

The utility's reported capitalization ratios as of June 30, 1972, and as adjusted to give effect to the proposed security issues, are as follows:

	<u>June 30, 1972</u>	<u>Pro forma</u>
Long-term debt	56.3%	56.7%
Preferred stock	9.9	11.8
Common stock equity	33.3	31.5
Total	<u>100.0%</u>	<u>100.0%</u>

After consideration the Commission finds that:

1. The proposed security issues are for proper purposes.
2. Applicant has need for external funds for the purposes set forth in this proceeding.
3. The proposed restricted redemption provisions are reasonable.
4. The proposed Twenty-fifth 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 securities 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.

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 execute and deliver a Twenty-fifth Supplemental Indenture in substantially the same form as Exhibit E, attached to the application.

2. Pacific Power & Light Company may invite the submission of written sealed bids separately for (a) the purchase of not exceeding \$30,000,000 in aggregate principal amount of its First Mortgage Bonds due October 1, 2002, and (b) the purchase of not exceeding 250,000 shares of its \$100 par value Serial Preferred Stock.

3. Pacific Power & Light Company may issue and sell said bonds and preferred stock at the prices offered in bids which would result in the lowest cost of money to applicant calculated in the manner provided in the applicable Statement of Terms and Conditions Relating to Bids.

4. Pacific Power & Light Company shall use the net proceeds from the sale of said bonds and preferred stock for the purposes set forth in this proceeding.

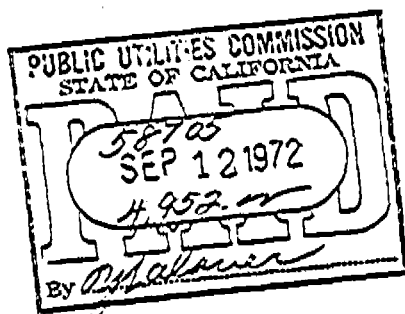
5. Promptly after awarding the contracts for the sale of the securities, Pacific Power & Light Company shall file written reports with the Commission showing, as to each bid received, the name of the bidder, the price, the dividend or interest rate and cost of money to applicant based upon such price and dividend or interest rate.

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

7. Pacific Power & Light Company shall file with the Commission the reports required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

8. 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 \$4,952.

Dated at San Francisco, California, this 12<sup>th</sup> day of SEPTEMBER, 1972.



Vernon L. Sturgeon  
President

William J. Sproule Jr.

John P. Vukasin Jr.

Commissioners