

ORIGINAL

Decision No. S2194

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 \$60,000,000 in)
 principal amount of First)
 Mortgage Bonds.)
 _____)

Application No. 54451
 (Filed November 15, 1973)

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 at competitive bidding \$60,000,000 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 and steam heat service in communities outside of California. For the 12 months ended September 30, 1973, the utility reports that approximately 98% of its operating revenues was derived from its electric business, and that only 4.9% of all revenues originated in California.

The company proposes to invite bids for the purchase of \$60,000,000 aggregate principal amount of its First Mortgage Bonds due January 1, 2004, the successful bid to determine the interest rate. The bonds would be subject to a restricted

redemption provision until January 1, 1979, and would be secured by a Mortgage and Deed of Trust dated as of July 1, 1947, as supplemented by twenty-five supplemental indentures and a proposed Twenty-sixth Supplemental Indenture.

The net proceeds to be realized from the issuance and sale of the bonds would be used to retire, in part, short-term notes representing temporary financing of a portion of the company's construction program. Any accrued interest would be used for such purpose or for general corporate purposes. The aggregate principal amount of such notes which would be outstanding at the time of the sale of the bonds is estimated at \$67,000,000.

The utility's reported capitalization ratios as of September 30, 1973, and as adjusted to give effect to the proposed bond issue, are as follows:

	<u>September 30, 1973</u>	<u>Pro forma</u>
Long-term debt	53.1%	55.7%
Preferred stock	11.3	10.7
Common stock equity	<u>35.6</u>	<u>33.6</u>
Total	<u>100.0%</u>	<u>100.0%</u>

After consideration the Commission finds that:

1. The proposed bonds would be for proper purposes.
2. Applicant has need for external funds for the purposes set forth in this proceeding.
3. The proposed restricted redemption provision is reasonable.
4. The money, property or labor to be procured or paid for by 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 action taken herein 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-sixth Supplemental Indenture in substantially the same form as Exhibit A, attached to the application.
2. Pacific Power & Light Company may invite the submission of written sealed bids for the purchase of not exceeding \$60,000,000 in aggregate principal amount of its First Mortgage Bonds due January 1, 2004.
3. Pacific Power & Light Company may issue and sell said bonds at the price offered in the bid which would result in the lowest cost of money to applicant calculated in substantially the manner provided in the Statement of Terms and Conditions Relating to Bids, a copy of which is attached to the application as Exhibit D.
4. Pacific Power & Light Company shall use the net proceeds from the sale of said bonds for the purposes set forth in this proceeding.

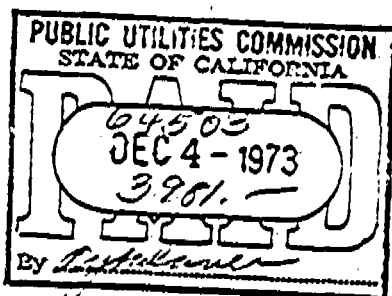
5. Promptly after awarding the contract for the sale of the bonds, Pacific Power & Light Company shall file a written report with the Commission showing, as to each bid received, the name of the bidder, the price, the interest rate and the cost of money to applicant based upon such price and interest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

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

7. Within one month 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 computed in accordance with Section 1904.2 of the Public Utilities Code, which fee is \$3,981.

Dated at San Francisco, California, this 4th day of December, 1973.



Vernon L. Stenger
President
William J. Simpson
[Signature]
[Signature]
Commissioners