

Decision No. 83765

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 not exceeding)
250,000 shares of its Common)
Stock, \$5 par value.)

Application No. 55311
(Filed November 14, 1974)

O P I N I O N

California-Pacific Utilities Company seeks authority to issue and sell not exceeding 250,000 shares of its \$5 par value common stock.

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 Oregon.

The utility contemplates that a group of underwriters would purchase the new shares of common stock at a price per share equal to the initial public offering price less an underwriters' discount to be determined immediately prior to the public offering. The initial public offering price would be determined on the basis of reported prices or quotations of applicant's outstanding common stock on the New York Stock Exchange immediately prior to the public offering, and would be not higher than the reported last sale price (regular way) or the reported last asked price, whichever is higher, plus 40 cents.

The proceeds from the sale of the proposed stock would be used to repay, in part, outstanding short-term notes, estimated to aggregate \$12,500,000 at the time of the sale of the proposed stock, and issued for obtaining funds for the temporary financing of applicant's construction program.

Applicant's capital ratios as of September 30, 1974, and as adjusted to give effect to the proposed stock issue assuming proceeds of \$3,000,000, as summarized from the application, are as follows:

	<u>September 30, 1974</u>	<u>Pro forma</u>
Long-term debt	52.8%	50.8%
Preferred stock	9.7	9.3
Common stock equity	<u>37.5</u>	<u>39.9</u>
Total	<u>100.0%</u>	<u>100.0%</u>

After consideration the Commission finds that:

1. The proposed stock would be 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 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

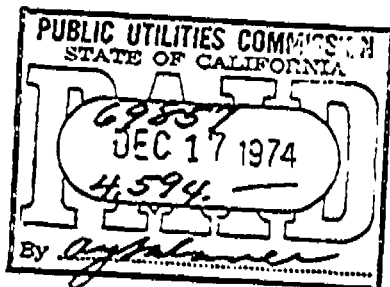
not to be construed as a finding of the value of the company's stock or properties nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. California-Pacific Utilities Company, on or after the effective date hercof and on or before April 30, 1975, may issue and sell not exceeding 250,000 shares of its \$5 par value common stock for the purpose and in accordance with the terms and conditions set forth in the application.
2. As soon as available, California-Pacific Utilities Company shall file with the Commission three copies of its prospectus pertaining to said stock.
3. Within one month after issuing and selling the stock herein authorized, California-Pacific Utilities Company shall file with the Commission a statement, in lieu of a report under General Order No. 24-B, disclosing the purpose to which the stock proceeds were applied.
4. This order shall become effective when California-Pacific Utilities Company has paid the fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$4,594.

Dated at San Francisco, California, this 26th day
of NOVEMBER, 1974.



William L. Stinson
President
William L. Stinson
[Signature]
[Signature]
Robert E. McFarland
Commissioners