

ORIGINALDecision No. 84450

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)

CALIFORNIA-PACIFIC UTILITIES)
COMPANY)Application No. 55660
(Filed May 1, 1975)for an order authorizing it to issue)
and sell not exceeding 250,000 shares)
of its Cumulative Preferred Stock,)
\$20 par value.)O P I N I O N

California-Pacific Utilities Company seeks authority to issue and sell not exceeding 250,000 shares of its \$20 par value preferred 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 proceeds from the sale of the proposed stock would be used to repay, in part, outstanding short-term notes, estimated to aggregate \$10,000,000 at the time of the sale of the proposed stock, and representing indebtedness incurred for the temporary financing of applicant's construction program.

Applicant has commenced negotiations for the sale of the stock to a group of underwriters represented by Dean Witter and Co. Incorporated. The terms of the stock, the price to be paid to the utility by the underwriters and the underwriting commission would be determined by agreement immediately prior to the proposed public offering, which is expected to be on or about June 10, 1975.

Applicant's capitalization percentages at February 28, 1975, and as adjusted to give effect to the proposed preferred stock issue, are reported as follows:

	<u>February 28, 1975</u>	<u>Pro Forma</u>
Long-term debt	50.0%	47.1%
Preferred stock	9.3	14.6
Common stock equity	<u>40.7</u>	<u>38.3</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.

Applicant is hereby placed on further notice that, if the Commission should believe the negotiated dividend rate, price or underwriting compensation pertaining to the proposed stock issue would result in excessive effective costs, it would take into consideration in rate proceedings only that which it deems reasonable.

O R D E R

IT IS ORDERED that:

1. California-Pacific Utilities Company, on or after the effective date hereof and on or before August 31, 1975, may issue and sell not exceeding 250,000 shares of its \$20 par value preferred stock in accordance with the terms and conditions set forth in the application.

2. California-Pacific Utilities Company shall apply the net proceeds from the sale of the stock herein authorized to the repayment of its short-term indebtedness.

3. Promptly after California-Pacific Utilities Company ascertains the dividend rate, underwriting compensation and price to be paid to it for the preferred stock herein authorized, the company shall notify the Commission of each in writing.

4. As soon as available, California-Pacific Utilities Company shall file with the Commission three copies of its final prospectus pertaining to the preferred stock herein authorized.

5. 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.

6. 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 \$6,250.

Dated at San Francisco, California, this 20th day of May, 1975.

Vernon L. Sturgeon
President
William J. Spence
Edward J. ...
Leonard Ross
Robert Patterson
Commissioners

