

Decision No. 86015

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CALIFORNIA-PACIFIC
 UTILITIES COMPANY to issue and sell
 \$3,000,000 principal amount of its
 First Mortgage Bonds, Series X,
 9-5/8%, due August 1, 1996, and to
 execute and deliver a Twenty-Fourth
 Supplemental Indenture.

Application No. 56538
 (Filed June 8, 1976)

O P I N I O N

California-Pacific Utilities Company seeks authority to issue and sell \$3,000,000 principal amount of its bonds, and to execute and deliver a supplemental indenture.

Applicant is a California corporation owning and operating public utility electric, gas, telephone and water 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. For the year 1975, the utility reports that it derived 23.1% of its total gross operating revenues from operations in the State of California. The corporation's reported capital ratios as of March 31, 1976, and as adjusted to give effect to the proposed \$3,000,000 bond issue, are summarized from the application as follows:

	<u>March 31, 1976</u>	<u>Pro Forma</u>
Long-term debt	47.0%	48.9%
Preferred stock	14.6	14.0
Common stock equity	<u>38.4</u>	<u>37.1</u>
Total	<u>100.0%</u>	<u>100.0%</u>

The application indicates that the utility's outstanding notes, representing short-term bank loans incurred for construction purposes, aggregated \$11,500,000 at the time of filing. The company reports unreimbursed construction expenditures aggregating \$31,666,497 as of March 31, 1976. It expects to expend approximately \$13,831,900 for additions and betterments to its properties during the year 1976.

In order to obtain funds to reimburse its treasury for construction expenditures, applicant proposes to issue and sell \$3,000,000 principal amount of its 20-year First Mortgage Bonds, Series X, 9-5/8%. The bonds would be secured by an existing indenture as heretofore supplemented and as further supplemented by a proposed Twenty-Fourth Supplemental Indenture. The company intends to sell said bonds, at a price of 100% of their principal amount plus accrued interest, to three institutional investors, and has agreed to pay Dean Witter & Co. Incorporated a fee of \$15,000 for placing the bonds. A ten-year restricted redemption provision would apply to the proposed bond issue.

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 proposed Twenty-Fourth 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 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.

6. There is no known opposition and there is no reason to delay granting the relief requested.

On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary. The authorization herein granted 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. California-Pacific Utilities Company may execute and deliver a Twenty-Fourth Supplemental Indenture and a Bond Purchase Agreement, which documents shall be in substantially the same forms as those attached to the application as Exhibits B and C, respectively.
2. California-Pacific Utilities Company may issue and sell not exceeding \$3,000,000 aggregate principal amount of its First Mortgage Bonds, Series X, 9-5/8%, upon substantially the terms and conditions set forth in Exhibit C attached to the application.
3. California-Pacific Utilities Company shall use the net proceeds, other than accrued interest, to be derived from the bonds herein authorized, to reimburse its treasury for construction expenditures. The accrued interest may be used for said purpose or for general corporate purposes.
4. California-Pacific Utilities Company shall file with the Commission the report required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

5. This order shall become effective when California-Pacific Utilities Company has paid the fee prescribed by Section 1904.2 of the Public Utilities Code, which fee is \$1,306.

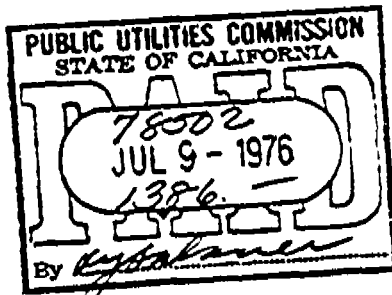
Dated at San Francisco, California, this 29th day of JUNE, 1976.

President
William S. ...

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Robert ...
Commissioners



Commissioner D. W. Holmes, being necessarily absent, did not participate in the disposition of this proceeding.