

ORIGINAL

Decision 83 11 003 NOV 2 - 1983

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
CP NATIONAL CORPORATION for)	
authority to issue and sell an)	Application No. 83-09-08
additional 200,000 shares of its)	(Filed September 2, 1983)
Common shares.)	

O P I N I O N

CP National Corporation (CP National) requests authority, under Public Utilities (PU) Code Sections 816 through 818, to issue and sell not to exceed an additional 200,000 shares of its Common stock in connection with its Employee Stock Option Plan (Plan).

Summary of Decision

This decision grants CP National the authority requested in the application.

Notice of the filing of the application appeared on the Commission's Daily Calendar of September 7, 1983. No protests have been received.

CP National, a California corporation, directly and through its subsidiaries, is engaged in public utility operations in Oregon, California, Nevada, Texas, New Mexico and Arizona. The company provides electric, gas, telephone, and water services in California.

Based on its consolidated statements of income for 12 months ended June 30, 1983, attached as Exhibit A to the application, CP National generated total consolidated operating revenues of \$166,018,000 and net income of \$14,031,000. For the calendar year ended December 31, 1982, CP National states that 24.55% of its total consolidated operating revenues were derived from California utility operations.

CP National's consolidated Balance Sheet as of June 30, 1983, also shown as part of Exhibit A is summarized as follows:

<u>Assets</u>	<u>Amount</u>
Net Utility Plan	\$217,261,000
Net Other Property & Investments	32,557,000
Current Assets	41,670,000
Deferred Charges	<u>19,560,000</u>
Total	\$311,048,000
<u>Liabilities and Equity</u>	
Common Stock Equity	\$ 89,515,000
Preferred Stock	9,974,000
Long-Term Debt	128,643,000
Current Liabilities	47,650,000
Deferred Credits	<u>35,266,000</u>
Total	\$311,048,000

CP National, at June 30, 1983, had issued and outstanding 3,291,757 shares of its common stock. This stock has a book value of \$27.19 per share. On October 6, 1983, The Wall Street Journal which reports the New York Stock Exchange Composite Transactions, indicates that on October 5, 1983 CP National's common stock closed at a price of \$39-1/4.

CP National was authorized by Decision (D.) 82-03-010 in Application (A.) 60318 to issue 100,000 shares of common stock under the Plan. The Commission by D.83-09-014 granted CP National authority to split all of its issued and outstanding common stock on a 2-for-1 basis. As a result of D.83-09-014, CP National may issue 200,000 shares under the Plan.

By this application CP National proposes to issue an additional 200,000 shares of the post-split common stock, under options granted by the Plan. A copy of the Plan is attached to the application as Exhibit B. The application states that the purpose of the Plan is to increase incentive and to encourage stock ownership on the part of selected key employees of CP National and its subsidiaries who are in a position to make significant contributions to the long-term performance of CP National, to provide such employees with a proprietary interest, or increased proprietary interest, in CP National and to encourage them to remain in the employ of CP National. The Plan is administered by the Compensation Committee of CP National's Board of Directors.

The application also states that the effect of the issuance and sale of an additional 200,000 shares of CP National common shares on its capitalization ratios cannot be measured, although the sale and issuance would increase CP National's common equity. The Commission's Revenue Requirements Division estimates

that the common stock after the 2-for-1 split, would have a value of about \$3,925,000, based on the October 5, 1983 closing price of \$39-1/4 (pre-split) on the New York Stock Exchange.

CP National expects that it will be engaged in an ongoing construction program and will continue to require capital for its expanding operations for the foreseeable future. It is not possible to estimate when proceeds of sale of stock pursuant to options might be received, but all of the proceeds will be used for the foregoing purposes.

The Commission's Revenue Requirements Division has analyzed CP National's cash requirement forecast and has concluded that the issuance of additional common stock under the Plan will help CP National meet forecasted cash requirements. The Division also concludes that the proposed issuance of stock under the Plan is reasonable and that the authority to issue the stock should be granted.

Findings of Fact

1. CP National is a California corporation operating under the jurisdiction of this Commission.
2. The proposed issuance of the additional stock would be for a proper purpose and is not adverse to the public interest.
3. The proposed issuance of additional stock under the Plan is reasonable and not adverse to the public interest.

4. The proposed security issue is for lawful purposes and the money, property or labor to be obtained by it are required for these purposes. Proceeds from the security issue may not be charged to operating expenses or income.

5. There is no known opposition and no reason to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.

2. The application should be granted to the extent set forth in the order which follows.

In issuing our order, we place CP National and its shareholders on notice that the number of shares outstanding, the total par value of the shares and the dividends paid do not determine allowable return on plant investment. This authorization is not a finding of the value of CP National's stock or property nor does it indicate the amounts to be included in ratesetting proceedings.

The following order should be effective on date of signature and payment of the fee set by PU Code Sections 1904.1 and 1904.2 to enable CP National to issue its securities expeditiously.

A.83-09-08 RR/JAB/ARM/WPSC

O R D E R

IT IS ORDERED that:

1. CP National Corporation (CP National), on or after the effective date of this order, may issue, sell and deliver not to exceed an additional 200,000 shares of its common stock, in accordance with the terms and conditions set forth in the application.

2. CP National shall apply the net proceeds from the issue of the securities for the purposes set forth in the application.

3. CP National shall file the reports required by General Order Series 24.

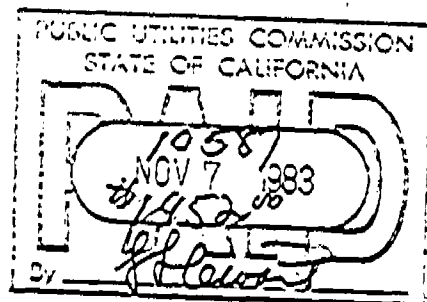
4. The authority granted by this order to issue common stock will become effective when CP National pays \$1,952, the fee set by PU Code Sections 1904.1 and 1904.2. In all other respects this order is effective today.

Dated NOV 2 1983 at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO
PRISCILLA C. GREN
WILLIAM T. BAGLEY
Commissioners

Commissioner Donald Vial, being necessarily absent, did not participate.



I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.

Joseph E. Bodovitz
Joseph E. Bodovitz, Executive Director

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