

Decision No. 86503**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CALIFORNIA-PACIFIC)
 UTILITIES COMPANY for exemption)
 under Public Utilities Code) Application No. 56772
 Sections 829 and 853 with respect) (Filed September 23, 1976)
 to Installment Sale Contracts to)
 secure \$3,000,000 aggregate)
 principal amount of Oregon)
 Economic Development Revenue Bonds.)

O P I N I O N

Pursuant to Sections 829 and 853 of the Public Utilities Code, California-Pacific Utilities Company seeks an order exempting its proposed \$3,000,000 of Installment Sale Contracts with the State of Oregon from provisions of the Public Utilities Code which otherwise might be applicable.

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. For the year 1975, the utility reported its percentages of revenues by States, as follows:

Arizona	0.2%
California	23.1
Nevada	15.2
Oregon	53.8
Utah	<u>7.7</u>
Total	<u>100.0%</u>

Applicant proposes to arrange with the Economic Development Commission of the State of Oregon for financing the construction of telephone and gas transmission facilities in portions of such state by executing five separate Installment Sale Contracts. The State of Oregon would issue and sell not exceeding \$3,000,000 aggregate principal amount of its Economic Development Bonds, Series II, the proceeds of which would pay the costs incurred by applicant with respect to the acquisition, construction and installation of the facilities. At the time of delivery of the facilities to the project site, title would pass momentarily to the State of Oregon. Immediately thereafter, the title would revert in applicant in such manner as to create an installment sale from the State of Oregon to applicant.

The effect of the proposed Installment Sale Contracts would be to provide security for the Economic Development Revenue Bonds, thus enabling applicant to obtain facilities through tax-exempt bond financing and the resultant advantageous interest rates.

After consideration of the verified application we find that:

1. Applicant derives more than one-half of its revenues from Oregon operations and less than one-quarter from California operations.
2. The proposed Installment Sale Contracts pertain to facilities to be located entirely within the State of Oregon.
3. The proposed Installment Sale Contracts would be governed exclusively by, and construed in accordance with, the applicable laws of the State of Oregon.
4. Applicant has filed an application with the Public Utility Commissioner of the State of Oregon to authorize the execution and delivery of the proposed Installment Sale Contracts.

5. Bonds secured by the proposed Installment Sale Contracts would provide funds at the advantageous interest rates attributable to exemption from federal income taxes.
6. The application of Article 5, Chapter 4, Part 1, Division 1 and Section 851 of Article 6, Chapter 4, Part 1, Division 1 of the Public Utilities Code with respect to the proposed Installment Sale Contracts is not necessary in the public interest.
7. 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.

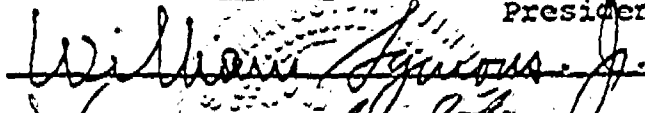
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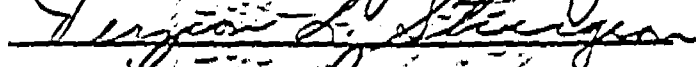
IT IS ORDERED that California-Pacific Utilities Company, with respect to its Installment Sale Contracts to be executed and delivered substantially in the manner described in the application, is hereby exempted from the provisions of Article 5, Chapter 4, Part 1, Division 1 and Section 851 of Article 6, Chapter 4, Part 1, Division 1 of the Public Utilities Code.

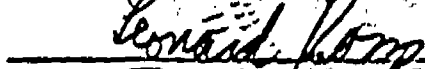
The effective date of this order is the date hereof.


Dated at San Francisco, California, this 13th day
of OCTOBER 1976.



President








Commissioners