

Decision No. 87074

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CALIFORNIA-PACIFIC UTILITIES COMPANY to issue and sell not exceeding 300,000 shares of its Common Stock, \$5 par value.)))))	Application No. 57039 (Filed February 17, 1977)
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O P I N I O N

California-Pacific Utilities Company seeks authority to issue and sell not exceeding 300,000 shares of its \$5 par value common stock.

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. The corporation's reported capital ratios, adjusted to give effect to proposed common stock and bond issues, are summarized from the application as follows:

Long-term debt	50%
Preferred stock	12
Common stock equity	<u>38</u>
Total	<u>100%</u>

The application indicates that the utility's outstanding notes, representing short-term bank loans incurred for construction purposes, aggregated \$10,000,000 at the time of filing. The company reports unreimbursed construction expenditures aggregating \$37,713,394 as of November 30, 1976. It expects to expend approximately \$13,900,000 for additions and betterments to its properties during the year 1977.

The utility contemplates that a group of underwriters (with Dean Witter & Co. Incorporated as the managing underwriter) 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 not be higher than the reported last sale price (regular way) or the reported last asked price, whichever is higher, plus 50 cents.

Applicant would use the net proceeds to be derived from issuing and selling 300,000 shares of its common stock to reimburse its treasury for approximately \$5,000,000 of construction expenditures.

After consideration the Commission finds that:

1. Applicant is a California corporation operating as a public utility in Arizona, California, Nevada, Oregon and Utah.
2. In addition to this Commission, the Arizona Corporation Commission and the Oregon Public Utility Commissioner exercise jurisdiction over applicant's security issues.
3. Applicant derives less than one-quarter of its revenues from California operations.
4. The proposed stock would be for a proper purpose.
5. Applicant has need for external funds for the purpose set forth in this proceeding.

6. 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.
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.

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 may issue and sell not exceeding 300,000 shares of its \$5 par value common stock in accordance with the terms and conditions set forth in the application, and shall use the net proceeds to reimburse its treasury for construction expenditures.
2. As soon as available, California-Pacific Utilities Company shall file with the Commission three copies of its final 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 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 1904.2 of the Public Utilities Code, which fee is \$2,525.

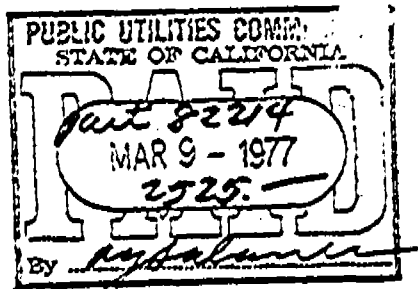
Dated at San Francisco, California, this 9th day of MARCH, 1977.

Robert B. Baker
President

William L. Symons, Jr.

Leonard Ross

Richard D. Crowell
Commissioners



Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.