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ORIGINALDecision No. 92454 DEC 2 - 1980

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of CP NATIONAL
CORPORATION for authority to
issue and sell up to 400,000
shares of its Common shares \$5
par value.

Application No. 60057
(Filed November 4, 1980)

O P I N I O N

CP National Corporation (CP National) requests authority, pursuant to Sections 816 through 818 of the Public Utilities Code, to issue and sell not to exceed 400,000 shares of its Common Stock, \$5 par value.

Notice of the filing of the application appeared on the Commission's Daily Calendar of November 7, 1980. No protests have been received.

CP National is a California corporation engaged in public utility operations in Oregon, California, Nevada, Utah and Arizona. CP National provides electric, gas, telephone and water services in the State of California. Based on its annual report to stockholders for the year ended December 31, 1979, CP National generated total operating revenues of \$88,506,467 and net income of \$4,901,000. A total of 23.2 percent of the utility's total operating revenue was earned in the State of California. In the income statement attached to the application as a part of Exhibit A covering the six months ended June 30, 1980, applicant reports it earned total operating revenues of \$55,283,000 and net income of \$3,101,000.

CP National's Consolidated Balance Sheet as of June 30, 1980, shown as a part of Exhibit A attached to the application is summarized as follows:

<u>Assets</u>	<u>Amount</u>
Net Utility Plant	\$124,904,000
Net Non-Utility Property	142,000
Current Assets	20,923,000
Deferred Charges	<u>2,518,000</u>
Total	<u>\$148,487,000</u>
<u>Liabilities and Equity</u>	
Common Stock Equity	\$ 39,689,000
Preferred Stock	9,973,000
Long-Term Debt	64,134,000
Current Liabilities	27,154,000
Deferred Credits	<u>7,537,000</u>
Total	<u>\$148,487,000</u>

CP National proposes to issue not to exceed 400,000 shares of Common Stock, \$5 par value, in a public offering through a group of underwriters which will be managed by Dean Witter Reynolds Inc. CP National contemplates that the underwriters would purchase the 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 price or quotations of CP National'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 or the reported last asked price, whichever is higher, plus 50 cents per share.

CP National intends to commence the public offering on or about December 17, 1980.

As of June 30, 1980, CP National's uncapitalized construction expenditures amounted to approximately \$23,602,000. CP National will use the proceeds from the issue and sale of the proposed common stock for the purposes specified in Public Utilities Code, Section 817(h) and no others.

CP National's capital ratios as of June 30, 1980, recorded and as adjusted to give effect to (a) the proposed issuance of 400,000 shares of Common Stock, \$5 par value, at an assumed sale price of \$17 per share to provide gross proceeds of \$6,800,000; (b) the issuance of 27,985 Preference shares ^{1/}; and (c) the issuance of 100,000 shares of Common Stock, \$5 par value^{2/}, are as follows:

	<u>June 30, 1980</u>	<u>Pro Forma</u>
Long-Term Debt	54.5%	49.8%
Short-Term Debt	<u>3.8</u>	<u>3.4</u>
Total Debt	58.3	53.2
Preferred Stock	8.6	7.9
Preference Stock	-	2.1
Common Equity	<u>33.1</u>	<u>36.8</u>
Total	<u>100.0%</u>	<u>100.0%</u>

CP National is engaged in an extensive construction program and estimates that the gross expenditures required for this construction program during the year 1980-1981 will approximate \$16,900,000 and \$27,000,000, respectively. Exhibit B, attached to the application, sets forth CP National's construction program.

1/ Decision No. 91746, dated May 6, 1980, in Application No. 59478.

2/ Decision No. 91747, dated May 6, 1980, in Application No. 59577.

The staff of the Commission's Revenue Requirements Division has reviewed CP National's 1980-1981 construction program, which is attached as Exhibit B to the application, and believes that the estimated construction expenditures are reasonable and has no objection to the proposed security issue specified in the application. The Division reserves the right, however, to reconsider the reasonableness of any construction expenditures in future rate proceedings.

The Revenue Requirements Division has also analyzed CP National's cash requirement forecast and has concluded that the proposed issuance of the new stock will be necessary to help CP National meet forecasted cash requirements.

Findings of Fact

1. CP National is a California corporation operating under the jurisdiction of this Commission.
2. The proposed issuance of the new stock would be for a proper purpose and is not adverse to the public interest.
3. CP National has need for external funds for the purpose set forth herein.
4. 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.
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 herein, we place CP National 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. The authorization herein granted is not to be construed as a finding of value of the company's stock or properties nor as indicative of the amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. CP National Corporation, on or after the effective date hereof, may issue, sell and deliver not to exceed 400,000 shares of its Common Stock, \$5 par value, in accordance with the terms and conditions set forth in the application.
2. CP National Corporation shall apply the net proceeds from the sale of the stock herein authorized to the purpose set forth in the application.
3. Promptly after CP National Corporation ascertains the underwriting commission and the price to be paid for the common stock herein authorized, the company shall notify the Commission thereof in writing.
4. As soon as available, CP National Corporation shall file with the Commission three copies of its final prospectus relating to the stock.
5. CP National Corporation shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

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6. This order shall become effective when CP National Corporation has paid the fee prescribed by Sections 1904.1 and 1904.2 of the Public Utilities Code, which fee is \$2,578.

Dated DEC 2-1980, at San Francisco, California.

John E. Byrne
President

Michael D. Howell

[Signature]
Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.

