

On February 19, 1962, Pacific Power and Light Company (Applicant) filed applications for authorization to issue \$35,000,000 principal amount of first mortgage bonds and up to 696,695 shares of common stock, par value of \$3.25 per share. ^{3/} Applicant will use the proceeds of approximately \$19,900,000 ^{4/} to be obtained from the issuance of the common stock, together with the proceeds of the bonds, to repay \$42,000,000 in promissory notes and will apply the balance toward the cost of its present construction program, which is expected to require the expenditure of approximately \$44,000,000 for 1962 and \$56,000,000 for 1963. Applicant is a successful enterprise, with over \$189,000,000 of capital stock and surplus in a total capitalization of \$584,499,000, as of December 31, 1961.

Applicant's 1962-1963 construction program is composed of a multiplicity of items, including hydroelectric projects, a new generating unit in a steam plant, electric distribution facilities, additions to steam heating and water and telephone utility systems, and ten transmission lines. Of the total program for 1962-1963, amounting to \$100,000,000, \$5,000,000 will be used for the Klamath Falls-Round Mountain line. ^{5/} A substantially smaller amount, estimated at \$1,500,000, is attributable to the extra cost involved in building the line in such a way that its capacity can subsequently be enlarged by conversion to 500 kv. The line in question will interconnect with the system of Pacific Gas & Electric Company, which will build the southern portion. The record indicates that the new intertie will provide for the exchange of energy between the two systems and will be available for use by the Bonneville Power Administration or other utility companies in the Pacific Northwest. A letter-agreement between Pacific Power and Light and Pacific Gas & Electric, dated January 5, 1962, and filed with the Commission as a rate schedule for each company, provides for the building of a 500 kv intertie to be operated at 230 kv until such time as both parties agree that 500 kv operation is economically justified, and for the sale and exchange of electric services. ^{6/}

^{3/} The applications were supplemented on February 27, March 8, and March 13, 1962.

^{4/} This was the estimate at the time of our approval of the initial order for the additional shares of common stock. By reason of a decline in the market price of the Applicant's outstanding common stock, the additional shares of common stock produced net proceeds of about \$18,000,000.

^{5/} In using this term, we refer to the northern half of the line, i.e., the portion which Applicant will build.

^{6/} The filing was completed on February 23, 1962. By letters of March 30, 1962, we allowed the rate schedules to go into effect as of the following day. We note that the January 5 letter-agreement is attached as Exhibit F to the dissenting opinion.