

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **1994-09-22** | Period of Report: **1994-09-22**
SEC Accession No. **0000720556-94-000050**

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FILER

CALIFORNIA ENERGY CO INC

CIK: **720556** | IRS No.: **942213782** | State of Incorpor.: **DE** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **001-09874** | Film No.: **94549867**
SIC: **4961** Steam & air-conditioning supply

Mailing Address
10831 OLD MILL ROAD
OMAHA NE 68154

Business Address
10831 OLD MILL RD STE 900
OMAHA NE 68154
4023308900

Securities and Exchange Commission

Washington, DC 20549

Form 8-K

Current Report

Pursuant to Section 13 to 15(d) of the
Securities Exchange Act 1934

Date of Report September 19, 1994
(Date of earliest event reported)

California Energy Company, Inc.
(Exact name of registrant as specified in its charter)

Delaware (State of other jurisdiction of incorporation)	1-9874 (Commission File Number)	94-2213782 (IRS Employer Identification No)
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10831 Old Mill Road (Address of principal executive offices)	Omaha, Nebraska	68154 Zip Code
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Registrant's Telephone Number, including area code: (402)330-8900

N/A

(Former name or former address, if changed since last report)

ITEM 5. Other Events

Execution of Power Purchase Agreements

On September 19, 1994, the Registrant announced that the Registrant, Bonneville Power Administration ("BPA") and Eugene

Water & Electric Board ("EWEB") executed the final Power Purchase Agreements for a 30 MW geothermal pilot project planned to be constructed at the Newberry site near Bend, Oregon. BPA will purchase 20 MW and EWEB will purchase 10 MW from the facility under the terms of the 50 year purchase contracts. A copy of the press release issued by the Registrant is set forth as Exhibit 1 hereto and is incorporated herein by reference.

Proposed Magma Acquisition

On September 19, 1994, the Registrant announced that it had transmitted a letter to the Chairman and the President and Chief Executive Officer of Magma Power Company proposing to acquire Magma Power for \$35 per share, consisting of \$25 per share in cash and \$10 in market value per share of the Registrant's common stock. A copy of the press release issued by the Registrant is set forth as Exhibit 2 hereto and is incorporated herein by reference.

ITEM 7. Financial Statements and Exhibits

Exhibit 1 - Press Release dated September 19, 1994.

Exhibit 2 - Press Release dated September 19, 1994.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

California Energy Company, Inc.

By: /s/Douglas L. Anderson
Douglas L. Anderson
Assistant Secretary

Dated: September 22, 1994

FOR IMMEDIATE RELEASE

David L. Sokol - Chairman and Chief Executive Officer
Dale R. Schuster, Vice President of Administration (402) 330-8900
David W. Cox, Vice President of External Affairs (402) 330-8900

CALIFORNIA ENERGY SIGNS
30 MW POWER SALES CONTRACTS

OMAHA, NEBRASKA, September 19, 1994 -- California Energy Company, Inc. (NYSE, PSE and LSE: CE) ("CECI") announced today that it has executed the final Power Purchase Agreements with Bonneville Power Administration ("BPA") and Eugene Water and Electric Board ("EWEB") for a 30 MW geothermal pilot project planned to be constructed at the Newberry site near Bend, Oregon. Under the term of the 50 year purchase contracts, BPA will purchase 20 MW and EWEB will purchase 10 MW from the facility. BPA and EWEB together will have an option for an additional 100 MW should further expansion of the geothermal field be undertaken by CECI. CECI has jointly developed the project with EWEB in a cooperative effort under which CECI will develop, design, construct, and operate the facility and EWEB will lead the public information process. The estimated construction and related cost of the pilot project is approximately \$110 million and is currently scheduled to be operational in 1997.

CECI, BPA and EWEB had executed a Memorandum of Understanding in 1992 after the 30 MW pilot project was awarded to CECI in December of 1991. However, the execution of the Power Purchase Agreements were subject to obtaining a final Environmental Impact Statement (EIS) for the project, which has now been published.

David Sokol, Chairman and Chief Executive Officer said, "We are pleased to participate in this public-private partnership and believe that working together with EWEB and BPA, CECI will be able to make the pilot project at Newberry an example of the significant potential of clean, renewable, geothermal power in the Northwest." Additionally, Mr. Sokol stated, "The finalizing of the Newberry pilot project, coupled with the recent success of our Philippine and Indonesian development efforts, demonstrates California Energy's successful focused and consistent growth strategy."

California Energy Company is a leading international developer, owner and operator of environmentally responsible power generation facilities. Its six existing facilities currently produce in excess of 325 MW with an additional 300 MW under construction.

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FOR IMMEDIATE RELEASE

CALIFORNIA ENERGY PROPOSES
\$35 PER SHARE FOR MAGMA POWER

OMAHA, NEBRASKA, September 19, 1994 -- California Energy Company, Inc. (NYSE, PSE and LSE: CE) ("CECI") announced today that it has transmitted a letter to Paul Pankratz, Chairman, and Ralph Boeker, President and Chief Executive Officer, of Magma Power Company (NASDAQ: MGMA), proposing to acquire Magma Power for \$35 per share, consisting of \$25 per share in cash and \$10 in market value per share of California Energy common stock. California Energy has received approval from its Board of Directors to negotiate a definitive merger agreement which is subject to typical terms and conditions for similar transactions. A copy of California Energy's letter is attached to this press release.

California Energy Company is an international developer, owner and operator of geothermal and other environmentally responsible power generation facilities. Its six existing facilities currently produce in excess of 300 MW of power with an additional 300 MW under construction.

CONTACT: John Sylvia - Senior Vice President and Chief Financial Officer
(212) 418-4265

September 19, 1994

Via Facsimile

Paul M. Pankratz,
Chairman
Ralph W. Boeker,
President and Chief Executive Officer
Magma Power Company
4365 Executive Drive
San Diego, CA 92121

Dear Paul and Ralph:

We have discussed on several occasions during the past 12 months the possible combination of California Energy Company, Inc. ("California Energy") and Magma Power Company ("Magma"). As you know, California Energy believes strongly that the strategic benefits which result from merging our companies

would enhance value for the shareholders of both companies, while improving our shared competitive position in an increasingly challenging business environment. While we have been respectful of your desire to move slowly in this matter in the past, the demands of a rapidly changing domestic and global marketplace have led us to conclude that it is appropriate to make a proposal to purchase Magma at this time.

Consequently, pursuant to the authority of its Board of Directors, California Energy hereby proposes to acquire all outstanding shares of Magma's common stock for \$35 per share, comprised of \$25.00 in cash and \$10.00 in market value of California Energy's common stock. We understand from you that Magma will complete the financing of its Malitbog geothermal project in the Philippines in mid-November and we therefore established our proposal price to reflect fully the value of this project although our proposal is not contingent on the completion of such financing.

We hope that our proposed transaction can be consummated amicably and expect to hear from you promptly. I am available to meet with you and Magma's Board to discuss this proposal, and to answer any questions you may have. As you know, California Energy has substantial cash on hand and our financial advisor has confirmed to us that we can conclude any additional financing required to effect the combination of our two companies on a timely basis.

As I have stressed in our past discussions, we would prefer that the combination of Magma and California Energy be effected on a friendly, consensual basis in which the interests of our respective shareholders, employees, customers and business partners are fairly served. We are, of course, prepared to negotiate in good faith all aspects of our proposal and to work out the terms of a mutually satisfactory merger agreement, containing terms and conditions typical for a transaction of this type.

Under the circumstances, we believe that Magma's Board of Directors has a fiduciary responsibility to provide its shareholders with the opportunity to take advantage of this proposal. While we hope that it will not become necessary for us to approach your shareholders directly, in the event that you do not respond to this proposal promptly, we reserve the right to approach your shareholders directly with a tender offer and/or a consent solicitation to call a special meeting of shareholders for purposes of acting on this proposal and electing directors.

Our companies, and the three of us personally, have enjoyed cordial relations for some time. While I have consistently

expressed to you our belief that a business combination of California Energy and Magma has strong commercial advantages, my colleagues and I have also expressed our regard for the quality of Magma's projects and the professionalism of its management. As we are all keenly aware, the independent power industry is undergoing fundamental change as a result of the accelerating deregulation in the U.S. electric utility industry. Simultaneously, our greatest growth opportunities have shifted from the domestic market to the international arena. While our growth prospects internationally are extremely favorable, they also require dramatically expanded developmental, financial, construction and operational resources and talents. We are confident that the combination of our companies will advance us to the forefront of the global competition and will greatly enhance our probability of successful growth with diligent risk management. We also believe that the combined company would obtain a powerful strategic advantage on international projects by being able to draw upon the engineering talents of The Dow Chemical Company and the construction expertise and capabilities of Peter Kiewit Sons' Inc., California Energy's largest shareholder.

California Energy continues to experience strong growth and remains committed to rapid international expansion. We have this year successfully financed and placed over 300 MW of geothermal power in construction in the Philippines and believe that Magma's experienced management team and dedicated employees will be an important addition to California Energy as it pursues its aggressive development strategy.

Paul, as you, Ralph and I discussed on our phone call last Thursday, the combination of our two companies is fundamentally an economic decision and should additionally provide for the proper and fair treatment of both companies' employees. I can assure you that in any such transaction, we would work together to ensure a high level of opportunity and satisfaction for our combined employee group. It is my personal hope that you and your advisors will share our enthusiasm for the combination we have proposed and that we can promptly provide for our respective shareholders the enhanced value which it will create.

I encourage you to contact me at your earliest convenience; additionally, your advisors may contact directly Mr. James Goodwin of Gleacher & Co. (212-418-4218), California Energy Company's financial advisor.

Sincerely yours,

/s/ David L. Sokol
David L. Sokol
Chairman, President and
Chief Executive Officer

cc: Board of Directors of Magma Power Company
c/o Magma Power Company