

LEM

Decision No. 16557.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
PACIFIC GAS AND ELECTRIC COMPANY,
a corporation, for an order of the
Railroad Commission of the State of
California authorizing applicant to
issue and sell to the National City
Company (a New York corporation)
\$10,000,000.00 face amount of appli-
cant's first and refunding mortgage
gold bonds of Series "D".

Application No. 12778

Chas. F. Cutten, for applicant.

BY THE COMMISSION:

O P I N I O N

Pacific Gas and Electric Company asks permission to issue and sell at not less than 94-1/2 percent of their face value and accrued interest, \$10,000,000.00 of Series "D" first and refunding mortgage five percent bonds due June 1, 1955, and use the proceeds obtained from the sale of such bonds for the purposes hereinafter indicated.

Applicant refers to and incorporates in this application, its Application No. 12196 filed with the Commission on December 3, 1925. In that application it appears that as of September 30, 1925 Pacific Gas and Electric Company and Mt. Shasta Power Corporation had actual and estimated capital expenditures amounting to \$26,875,925.74, against which the Commission had not authorized the issue of stock, bonds, notes or other evidences of indebtedness, except as hereinafter noted.

The \$26,875,925.74 is summarized as follows:-

Unreimbursed capital expenditures at September 30, 1925 of Pacific Gas and Electric Company and Mt. Shasta Power Corporation (Exhibit "B", Application No. 12192)	\$10,114,330.26
Unexpended balance of capital expenditures authorized at September 30, 1925 by Pacific Gas and Electric Company (Exhibit "C" Application No. 12192)	8,342,091.11
Estimated cost of new construction, Pacific Gas and Electric Company for 1925 and 1926 (Exhibit "D" Application No. 12192)	6,000,000.00
Unexpended balance of capital expenditures authorized at September 30, 1925 by Mt. Shasta Power Corporation (Exhibit "E" Application No. 12192)	2,419,504.37
Total.....	<u>\$26,875,925.74</u>

To enable applicant to finance in part the foregoing actual or estimated expenditures, the Commission has by Decision No. 15758 dated December 16, 1925 in Application No. 12192 authorized applicant to use \$464,105.40 obtained from the sale of stock, the issue of which was theretofore authorized by the Commission. To further finance its construction expenditures referred to herein, the Commission by Decision No. 15782 dated December 21, 1925 in Application No. 12261 authorized applicant to issue \$2,500,000.00 of preferred stock; by Decision No. 15874 dated January 19, 1926 in Application No. 12277, \$5,000,000.; of its common stock; by Decision No. 15895 dated January 23, 1926 in Application No. 12413, \$2,500,000.00 of preferred stock; and by Decision No. 16473 dated April 12, 1926 in Application No. 12714, \$5,000,000.00 of preferred stock.

Pacific Gas and Electric Company in its Exhibit No. 1 reports that up to March 31, 1926 it received from the sale of stock \$7,025,163.36 which, under the Commission's decisions, was available to finance in part the actual or estimated expenditures of \$26,875,925.74. Deducting the \$7,025,163.36 from the \$26,875,925.74 leaves a balance of \$19,850,762.38. Applicant in its Exhibit No. 1 further shows \$479,297.42 due on first preferred stock subscriptions,

\$121,221.37 due on common stock subscriptions, and \$2,707,100.00 of common and \$5,000,000.00 of first preferred stock authorized to be issued by the Commission but not yet sold. Applicant believes that it can sell the common stock at par and the preferred stock at not less than \$98. per share. If sold at such prices, applicant will realize from the sale thereof \$7,607,100.00 which, added to the balance (\$600,518.79) due on stock subscriptions, amounts to \$8,207,618.79. Deducting the \$8,207,618.79 from the \$19,850,762.38 leaves a remainder of \$11,643,143.59 of actual or estimated expenditures, against which the Commission has not authorized the issue of stock or bonds or other evidences of indebtedness.

Applicant asks permission to issue and sell at not less than 94-1/2 percent of their face value and accrued interest, \$10,000,000. of its Series "D" first and refunding five percent bonds, and use the proceeds obtained from the sale of such bonds to pay in part the cost of extensions, additions, betterments and improvements to its facilities and to those of Mt. Shasta Power Corporation described in Exhibits "B", "C", "D" and "E" attached to Application No. 12192. The company has sold the bonds subject to their issue being authorized by the Commission, to the National City Company at 94-1/2 and accrued interest. The agreement of sale provides that if the bonds are offered to the public at a price in excess of 98 the Pacific Gas and Electric Company shall receive an additional amount equal to one half of the difference between 98 and the offering price to the public.

ORDER

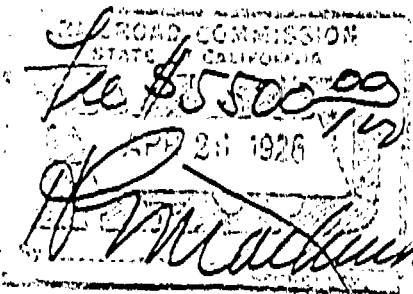
Pacific Gas and Electric Company having applied to the Railroad Commission for permission to issue \$10,000,000.00 of bonds, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or

labor to be procured or paid for by such issue, is reasonably required by applicant for the purposes specified in this order, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income, and that this application should be granted as herein provided, therefore,

IT IS HEREBY ORDERED that the Pacific Gas and Electric Company be, and it is hereby, authorized to issue and sell on or before December 31, 1926 at not less than 94-1/2 percent of their face value and accrued interest, \$10,000,000.00 of its Series "D" five percent first and refunding mortgage bonds due June 1, 1955; and use the proceeds, other than accrued interest, to pay in part such cost of the extensions, additions, betterments and improvements to its facilities and to those of Mt. Shasta Power Corporation, described in Exhibits "B" "C" "D" and "E", filed in Application No. 12192 as is properly chargeable to fixed capital account, under the Uniform System of Accounts prescribed and adopted by this Commission. The accrued interest may be used for general corporate purposes.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$5,500.00, and that applicant shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month, a verified report, as required by the Railroad Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 26th day of April, 1926.



H. B. Brundage
C. Seaver
Leon A. Whitely