

LEM

Decision No. 17803

ORIGINAL

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 approving applicant's )  
proposed issuance of certificates )  
for shares of its first preferred )  
stock and common stock of the par )  
value of \$25. in conformity with its )  
amended Articles of Incorporation. )

Application No. 13369

C. P. Catten, for applicant.

BY THE COMMISSION:

O P I N I O N

Pacific Gas and Electric Company asks the Commission to make an order approving the issuance and delivery, upon the surrender of outstanding certificates for first preferred and common stock of the par value of \$100.00 a share, of new certificates for an equal amount in par value of the same kind of stock of the par value of \$25.00 a share, and also authorizing the issue, for all first preferred and common stock of the par value of \$100. a share sold or to be sold under decisions of the Commission now in effect but not yet issued, of certificates for an equal amount in par value of the same kind of stock of the par value of \$25. a share.

It appears that applicant's Articles of Incorporation heretofore have provided for an authorized capital stock of \$160,000,000.00 consisting of \$79,900,000.00 of six percent cumulative first preferred stock, \$100,000.00 of six percent cumulative original preferred stock and \$80,000,000.00 of common stock, divided into shares of the par value of \$100.00 each. The record

herein shows that on October 11, 1926 applicant's stockholders voted to amend its Articles of Incorporation by eliminating therefrom the provisions relating to the original preferred stock and dividing the authorized capital stock of \$150,000,000<sup>100</sup> equally into first preferred and common stock and increasing the total number of shares of stock from 1,600,000 of the par value of \$100. each, to 6,400,000 of the par value of \$25. each, the total amount of the authorized stock remaining unchanged. Article Six of the company's Articles of Incorporation, as amended, provides in part as follows:-

"Each share of first preferred stock of this corporation of the par value of one hundred dollars(\$100.00) heretofore issued or subscribed for shall henceforth be the equivalent for all purposes, of four (4) shares of the first preferred stock of this corporation of the par value of twenty-five dollars(\$25.00) each; and, upon the surrender for that purpose of outstanding certificates for shares of first preferred stock of the par value of one hundred dollars(\$100.00) each, new certificates for an equal amount in par value of shares of first preferred stock of the par value of twenty-five dollars(\$25.00) each shall be issued to the persons entitled thereto.

Each share of common stock of this corporation of the par value of one hundred dollars(\$100.00) heretofore issued or subscribed for shall henceforth be the equivalent, for all purposes, of four(4) shares of the common stock of this corporation of the par value of twenty-five dollars(\$25.00) each; and upon the surrender for that purpose of outstanding certificates for shares of common stock of the par value of one hundred dollars(\$100.00) each, new certificates for an equal amount in par value of shares of common stock of the par value of twenty-five dollars(\$25.00) each shall be issued to the persons entitled thereto."

As of October 31, 1926 the company reports its capital stock outstanding and subscribed for, as follows:-

First Preferred Stock:

Outstanding:

Shares- par value . . . . .	\$60,607,250.00	
Warrants for fractional shares		1,281.91-2/3
Subscribed but not issued. . . . .	1,832,200.00	
Fully paid but not yet issued . . . .	700.00	
Total.....		\$62,441,431.91-2/3

Common stock:

Outstanding:

Shares-par value	68,642,333.33	
LESS held by subsidiaries	<u>15,848,433.33</u>	
Balance		52,793,900.00
Warrants for fractional shares		7,115.00
Subscribed but not issued		64,100.00
Total.....		\$52,865,115.00

In addition, the company reports that on October 31, 1921 it had in its treasury, neither sold nor subscribed for, \$2,033,100.00 of first preferred stock, the issue of which was authorized by Decision No. 16473, dated April 12, 1926 in Application No. 12714, and \$267,500.00 of common stock, the issue of which was authorized by Decision No. 15874, dated January 19, 1926, in Application No. 12277. In this connection it reports, however, that it does not intend to offer for subscription, or to sell or issue any part of the \$267,500.00 of common stock.

In reducing the par value of the shares of stock applicant reports that in its opinion the smaller stock units will add to the marketability of its stock and facilitate its distribution among investors in a greater degree than at present and tend to lower the cost of the new capital required from year to year to pay for additional facilities that may be needed. In addition, it is thought that a wider distribution of applicant's stock will follow.

#### ORDER

The Railroad Commission having been asked to make an order approving the issuance and delivery, and authorizing the issue of stock, by Pacific Gas and Electric Company, as indicated in the foregoing opinion, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the application should be granted, as herein provided, therefore,

The Railroad Commission hereby approves the issuance and delivery by Pacific Gas and Electric Company, from and after the filing with this Commission of a certified copy of applicant's Articles of Incorporation, as amended by its stockholders and Board of Directors in the month of October, 1926, and upon the surrender for that purpose of outstanding certificates for either first preferred or common stock of the par value of one hundred dollars (\$100.) per share, of new certificates for an equal amount in par value of the same kind of stock of the par value of twenty-five dollars (\$25.) per share. all as

provided in applicant's Articles of Incorporation, as amended in October, 1926.

IT IS HEREBY ORDERED that Pacific Gas and Electric Company be, and it is hereby, authorized to issue, for all first preferred and common stock of the par value of \$100. a share sold or to be sold under orders of the Railroad Commission in Application Nos. 6229, 8104, 8550, 10182, 10361, 10361-supplemental, 10855, 12261, 12277, 12413 and 12714, but not issued prior to the time of filing with this Commission a certified copy of its Articles of Incorporation, as amended during October, 1926, certificates for an equal amount in par value of the same kind of stock of the par value of \$25. a share.

IT IS HEREBY FURTHER ORDERED that the order in Decision No. 16473, dated April 12, 1926, in Application No. 12714, be, and it hereby is, modified so as to permit Pacific Gas and Electric Company to sell the first preferred stock authorized to be issued and sold by said decision, but remaining unsold upon the effective date of this order at a price per share which shall be not less than one fourth of the minimum selling price specified in said order.

The authority herein granted is subject to the following conditions:-

1. The authority herein granted will become effective upon the filing with this Commission of a certified copy of applicant's Articles of Incorporation, as amended by the stockholders and Board of Directors of Pacific Gas and Electric Company in the month of October, 1926.
2. Applicant shall file with the Commission quarterly reports showing the amount and classes of stock issued, under the authority herein granted, in exchange for outstanding stock and the expenses incurred to effect said exchange, the first report to be filed on or before

April 30, 1927 to cover the period from the effective date of this order to and including March 31, 1927, and subsequent reports to be filed within thirty days after the end of the quarter covered by the report.

DATED at San Francisco, California, this 23<sup>d</sup> day of December, 1926.

H. B. ...

A. Leaver

...

...

Commissioners.