

Decision No. 17843

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 authorizing applicant to)
issue, sell and deliver its common)
capital stock to the amount, in the)
manner and for the purposes set)
forth herein.)

Application No. 13389.

C. P. Cutten, for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding the Railroad Commission is asked to make an order authorizing Pacific Gas and Electric Company to issue and sell, at par, \$5,287,000.00 of its common capital stock for the purpose of reimbursing its treasury and of financing the cost of additions, betterments, extensions and improvements.

Pacific Gas and Electric Company has advised the Commission that on October 11, 1926, its stockholders voted to amend its Articles of Incorporation so as to provide for a total authorized capital stock of \$160,000,000.00, divided equally into six percent cumulative preferred stock and common stock. As of October 31, 1926, it 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	<u>\$62,441,431.91-2/3</u>

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 share	7,115.00
Subscribed but not issued	64,100.00
Total	<u>\$52,865,115.00</u>

In addition the company reported in its treasury, neither sold nor subscribed \$2,033,100.00 of preferred stock and \$267,500.00 of common stock, the issue of which had been authorized by former decisions of the Commission. Recently, by Decision No. 17801, dated December 23, 1926, the company was authorized to issue and sell at par, an additional \$1,000,000.00 of preferred stock and \$1,000,000.00 of common stock.

In making the present request to issue \$5,287,000.00 of common stock the company reports the necessity of making further capital expenditures on its system and on the system of Mt. Shasta Power Corporation, a subsidiary and it asks permission to use the proceeds to meet in part the expenditures heretofore reported to the Commission in Application No. 13291, which expenditures are as follows:-

Unreimbursed capital expenditures at August 31, 1926, of Pacific Gas and Electric Company and Mt. Shasta Power Corporation (Exhibit "B")	\$6,631,162.88
Unexpended balance of capital expenditures authorized at August 31, 1926, by Pacific Gas and Electric Company (Exhibit "C")	7,230,169.53
Estimated cost of new construction, Pacific Gas and Electric Company for 1926 and 1927 (Exhibit "D")	8,000,000.00
Unexpended balance of capital expenditures authorized at August 31, 1926, by Mt. Shasta Power Corporation (Exhibit "E")	<u>1,126,208.61</u>
Total	<u>\$22,987,541.02</u>

In order to meet in part these expenditures the Commission heretofore has authorized the company to use unexpended proceeds amounting to \$605,281.73 on hand on August 31, 1926, received from the sale of stock and bonds, and the proceeds to be received from the sale of \$2,957,100.00 of preferred stock therefor authorized to be issued but unsold on that date, and the proceeds to be received from the sale of the \$2,000,000.00 of common and preferred stock authorized to be issued by Decision No. 17801. Except as to these amounts no provision has been made to finance the proposed expenditure of \$22,987,541.02 through the issue of securities. While we are willing to authorize applicant to issue ^{additional} common stock in the amount of \$5,287,000.00 for the purpose of financing in part said expenditures, such authorization should not be construed as an approval of the total expenditures of \$22,987,541.02.

Applicant proposes to offer its stock to its present common stockholders at the par value thereof. The matter of authorizing applicant to issue and sell common stock at par, at a time when the market value for such stock was above par, was considered by the Commission in decision No. 15874, dated January 19, 1926, (Vol. 27, Opinions and Orders of the Railroad Commission of California, pages 453 - 457). We believe that applicant's request for permission to issue and sell the \$5,287,000.00 of common stock at par should be granted for the reasons set forth in Decision No. 15874, to which reference is hereby made.

O R D E R

Pacific Gas and Electric Company having applied to the Railroad Commission for permission to issue and sell common stock, and the Railroad Commission being of the opinion that this is a matter in which a public hearing is not necessary and that the money, property or labor to be procured or paid for through such issue and sale is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that Pacific Gas and Electric Company be, and it hereby is, authorized to issue and sell, on or before December 31, 1927, at not less than the par value thereof \$5,287,000.00 of its common capital stock and to use the proceeds to reimburse its treasury in part on account of capital expenditures of \$6,631,162.88 made prior to August 31, 1926, and/or to finance 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. 13291, as is properly chargeable to fixed capital accounts under the Uniform System of Accounts prescribed or adopted by this Commission, provided that said \$5,287,000.00 par value of common stock may only be sold to applicant's common stockholders or subscribers to purchase additional shares of its common stock in the proportion of one (1) share of such additional common stock to each ten (10) shares of said common stock owned or subscribed for by each of said stock-

holders and subscribers.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective upon the date hereof, and, further, that applicant shall keep such record of the issue and sale of the stock 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 5th
day of January, 1927.

H. B. Roundige

C. Seaver

Leon Whittell
Thos. J. Powell

Commissioners.