

Decision No. 17906

**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 \$5,000,000.)  
par value of its first preferred )  
six percent stock, and to use the )  
proceeds for the purposes set )  
forth herein. )

Application No. 13440.

Charles P. Cutten, for applicant.

BY THE COMMISSION:

O P I N I O N

In the above entitled matter Pacific Gas and Electric Company asks the Railroad Commission to make an order authorizing it to issue and sell, at not less than ninety-eight percent of par value, \$5,000,000.00 of its six percent cumulative first preferred stock.

Pacific Gas and Electric Company has an authorized capital stock of \$160,000,000.00, consisting of 6,400,000 shares of the par value of \$25.00 each, divided equally into common stock and six percent cumulative preferred stock. As of November 30, 1926, it reports its capital stock outstanding and subscribed for

as follows:-

Common stock:-

Issued and outstanding . . .	\$68,651,348.33	
Less: held by subsidiaries	<u>15,848,433.33</u>	\$52,802,915.00
Subscribed but not fully paid or issued		<u>62,200.00</u>
Total . . . . .		\$52,865,115.00

First Preferred Stock:-

Issued and outstanding . . . . .	\$61,853,631.91	
Subscribed but not fully paid or issued . . .	<u>1,013,000.00</u>	
Total . . . . .		<u>\$62,866,631.91</u>
Total . . . . .		\$115,731,746.91

In making the present request to issue additional preferred stock the company reports the necessity of making further provision for the payment of the construction expenditures of \$22,987,541.02 heretofore reported to the Commission in Application No. 13291. These expenditures include the unreimbursed amounts at August 31, 1926 of Pacific Gas and Electric Company and of Mt. Shasta Power Corporation, amounting to \$6,631,162.88, the unexpended balances of capital expenditures authorized at August 31, 1926 of Pacific Gas and Electric Company, amounting to \$7,230,169.53, the unexpended balances of capital expenditures authorized at August 31, 1926 of Mt. Shasta Power Corporation, amounting to \$1,126,208.61, and the estimated cost of new construction for the balance of 1926 and 1927, amounting to \$8,000,000.00. The expenditures are described in detail in Exhibits "B", "C", "D" and "E" attached to Application No. 13291, to which reference may be made.

The four items aggregate \$22,987,541.02. Heretofore the Commission has authorized the company, in order to meet in part these amounts, to use unexpended proceeds amounting to \$605,281.73 on hand on August 31, 1926, received from the sale of

stock and bonds, the proceeds from the sale of \$2,957,100.00 of preferred stock theretofore authorized to be issued but unsold on that date, the proceeds to be received from the sale at par of \$2,000,000.00 of preferred and common stock authorized to be issued by Decision No. 17801, and the proceeds from the sale at par of \$5,287,000.00 of common stock authorized to be issued by Decision No. 17843. Except as to these amounts no provision has been made to finance the expenditures of \$22,987,541.02. It occurs to us that the company should be permitted to issue \$5,000,000.00 of additional preferred stock to pay in part the actual or estimated construction expenditures of \$22,987,541.02. While we are willing to authorize the issue of this stock, such authorization should not be construed as an approval of the total reported expenditures.

O R D E R

Pacific Gas and Electric Company having applied to the Railroad Commission for permission to issue and sell \$5,000,000.00 of first preferred 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 ninety-eight percent of par value. \$5,000,000.00 par value of its first preferred 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 Systems of Accounts prescribed or adopted by this Commission.

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 13<sup>th</sup> day of January, 1927.

Commissioners.