

LBM

Decision No. 18744.

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 \$225,000. face amount)
of its first and refunding mortgage)
gold bonds of Series "D", and use)
the proceeds for the purposes in this)
application set forth.)

ORIGINAL

Application No. 13903

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)
reimburse its treasury for capital)
expenditures and to finance the con-)
struction of additions, extensions,)
betterments and improvements in the)
manner set forth herein.)

Application No. 13940

C. P. Catten and R. W. DuVal, by R. W. DuVal,
for applicant.

BY THE COMMISSION:

O P I N I O N

In Application No. 13940 Pacific Gas and Electric Company asks the Railroad Commission to authorize it to use proceeds to be received from the sale of common and preferred stock heretofore authorized to be issued to reimburse its treasury and/or to pay in part the cost of constructing additions, betterments, extensions and improvements to its plants and facilities and to those of Mt. Shasta Power Corporation.

In Application No. 13903, as amended, Pacific Gas and Electric Company asks the Commission to authorize it to issue and sell, at not less than face value plus accrued interest, \$225,000.00 of its

Series "D" first and refunding mortgage five percent bonds, due 1955, for the purpose of paying in part the cost of constructing the additions, betterments, extensions and improvements to its plant and facilities, and to those of Mt. Shasta Power Corporation, which are described in Application No. 13940.

In a former proceeding, Application No. 13291, filed November 3, 1926, the company reported unreimbursed capital expenditures of the two companies at August 31, 1926, at \$6,631,162.88. In these pending proceedings it reports construction expenditures, from August 31, 1926 to May 31, 1927, of \$6,616,956.09, expenditures to purchase 12.40 shares of the capital stock of Sacramento Gas Company, at \$620.00, and expenditures to retire underlying bonds of Sacramento Gas Company and Oroville Light and Power Company at \$595,400.00. The four items aggregate \$13,844,138.97. The company also reports that during this period it received from the sale of stock and bonds authorized to be issued by the Commission, the sum of \$13,373,315.40, which was used to meet the expenditures of \$13,844,138.97, leaving a balance said to represent unreimbursed capital expenditures at May 31, 1927, of \$470,823.57.

Applicant now asks permission to use stock and bond proceeds to be received to reimburse its treasury on account of these reported expenditures of \$470,823.57 and/or to finance in part the unexpended balances on construction work in progress on May 31, 1927 and the estimated cost of new construction during the year. The total expenditures aggregate \$12,367,785.69 and consist of the following:-

Unreimbursed capital expenditures at May 31, 1927 of Pacific Gas and Electric Company and Mt. Shasta Power Corporation (Ex. "B", App. 13940)	\$470,823.57
Unexpired balance of capital expenditures authorized at May 31, 1927 by Pacific Gas and Electric Company (Ex. "C" and "C-1", App. 13940)	8,755,958.84
Estimated cost of new construction, Pacific Gas and Electric Company for 1927 (Ex. "D", App. 13940)	3,000,000.00
Unexpended balance of capital expenditures authorized at May 31, 1927 by Mt. Shasta Power Corporation (Ex. "E" App. 13940)	<u>141,003.28</u>
Total	<u>\$ 12,367,785.69</u>

To meet these expenditures, in part, the company asks permission to use amounts which it reports it will receive from unpaid stock subscriptions and unsold stock at May 31, 1927, and from the \$225,000. of bonds covered by Application No. 13903. These amounts are as follows:-

Receivable from sale of preferred stock:

Under Decision No. 15782	\$4,618.00	
Under Decision No. 15895	8,843.45	
Under Decision No. 16473	165,850.21	
Under Decision No. 17801, 18103	1,142,078.13	
Under Decision No. 17906	<u>366,706.06</u>	1,688,095.85

Receivable from sale of common stock:

Under Decision No. 13910	691.88	
Under Decision No. 14767	50.00	
Under Decision No. 14790	550.00	
Under Decision No. 17843	20,119.66	
Under Decision No. 17801-18103	<u>1,142,078.12</u>	<u>1,163,489.66</u>

Sub-total..... 2,851,585.51

Estimated to be received from stock unsold

At May 31, 1927:		
Preferred stock-Dec.No.17801,18103	27,700.00	-
Common stock-Dec.No.17801,18103	27,700.00	
Common stock-Dec. No. 17843	68,315.00	

To be received from bonds applied for in
Application No. 13903 225,000.00 349,215.00

Total proceeds..... \$3,200,800.51

Deducting the \$3,200,800.51 from the reported actual or estimated expenditures of \$12,367,785.69 leaves a balance of \$9,166,985.18 to be subsequently financed, if the Commission in later proceedings finds such expenditures reasonable and necessary. The authority granted in these two proceedings is an approval of the expenditures of \$12,367,785.69 only to the extent of \$3,200,800.51.

ORDER

Pacific Gas and Electric Company having applied to the Railroad Commission for permission to issue bonds and to use proceeds from the sale of stock heretofore authorized to be issued,

a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the applications should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of the bonds and the use of the stock proceeds 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 is hereby, authorized to issue and sell, on or before December 31, 1927, at not less than face value plus accrued interest, \$225,000.00 of its Series "D" first and refunding mortgage five percent bonds, due 1955.

IT IS HEREBY FURTHER ORDERED that Pacific Gas and Electric Company be, and it hereby is, authorized to use the proceeds to be received from the sale of the bonds herein authorized, other than accrued interest, and the proceeds received or to be received from the sale of the common and preferred stock authorized to be issued by the Commission in the decisions referred to in the foregoing opinion, for the purpose of reimbursing its treasury on account of capital expenditures of \$470,823.57 made prior to May 31, 1927, and/or to finance, in part, such cost of the additions, extensions, betterments and improvements to its plants and facilities and to those of Mt. Shasta Power Corporation, shown in Exhibits "B", "C", "D" and "E" filed in Application No. 13940, as is properly chargeable to fixed capital accounts under the uniform systems of accounts prescribed or adopted by this Commission. The accrued interest received from the sale of the bonds may be used for general corporate purposes.

IT IS HEREBY FURTHER ORDERED that the authority herein granted to issue bonds shall become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$225.00, but that in other respects the authority herein granted shall become effective upon the date hereof.

IT IS HEREBY FURTHER ORDERED that applicant shall keep such record of the issue and sale 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.

IT IS HEREBY FURTHER ORDERED that the orders heretofore made in Decisions Nos. 13910, 14767, 14790, 15782, 15895, 16473, 17801, 17843, 17906, and 18103 shall remain in full force and effect, except as modified by this order.

DATED at San Francisco, California, this 19th day of August, 1927.

C. Seamy

Thos. S. Lott

M. J. Linn
Commissioners.

Fee \$225.00

