

18815

Decision No. \_\_\_\_\_

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 and sell to The National City )  
 Company (a New York corporation) )  
 \$15,000,000.00 face amount of )  
 applicant's first and refunding )  
 mortgage gold bonds of Series "E" )  
 and to use the proceeds for the )  
 purposes set forth herein. )

Application No. 14072.

C. P. Cutten, for applicant.

BY THE COMMISSION: .

O P I N I O N

In this application the Pacific Gas and Electric Company asks permission to issue and sell at not less than 93 per cent of their face value and accrued interest \$15,000,000.00 of its first and refunding 4-1/2 percent mortgage gold bonds of Series "E" due June 1, 1957, and use the proceeds for the purposes hereinafter stated.

Applicant asks permission to use the proceeds from the sale of \$13,226,500.00 of bonds to pay the following bonds:-

Pacific Gas and Electric Company first and refunding mortgage Series "A" seven percent bonds, redeemable on December 1st at 110 - - - - -	\$10,720,000.
Metropolitan Gas Corporation, first mortgage five percent bonds, redeemable on December 1st at par-	988,500.
The Sacramento Valley Power Company first and refunding six percent bonds, redeemable on January 1st at 105 - - - - -	435,000.
Sacramento Electric Gas and Railway Company first Consolidated mortgage five percent bonds due November 1st - - - - -	1,083,000.
<u>Total - - - - -</u>	<u>\$13,226,500.</u>

The testimony shows that the refunding of the aforementioned bonds will result in an annual saving to the company of \$114,255.00. The proceeds from the remaining \$1,773,500.00 of bonds will be used by the company to pay the cost of extensions, additions, betterments, and improvements to applicant's properties and to those of Mt. Shasta Power Corporation, all of whose outstanding stock except shares necessary to qualify directors is owned by applicant.

The Pacific Gas and Electric Company reports actual or estimated construction expenditures, against which the Commission has not authorized the issue of any securities, amounting to \$9,166,985.18. This amount is determined as follows:-

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

By Decision No. 18744, dated August 19, 1927, in Application No. 13903 and Application No. 13940, the Commission authorized the company to use \$3,200,800.51 of the proceeds obtained from the sale of stocks and bonds to pay in part the \$12,367,785.69 of actual or estimated construction expenditures. Deducting the \$3,200,800.51 from the \$12,367,785.69 leaves a balance of \$9,166,985.18 which the company intends to finance in part through the use of the proceeds obtained from the sale of the \$1,773,500.00 of bonds to which reference has been made.

O R D E R

Pacific Gas and Electric Company having applied to the Railroad Commission for permission to issue \$15,000,000.00 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 for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

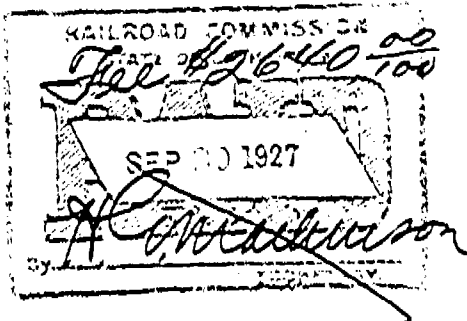
IT IS HEREBY ORDERED as follows:-

1. Pacific Gas and Electric Company may issue and sell on or before December 31, 1927, at not less than 93 percent of their face value plus accrued interest \$15,000,000.00 of its first and refunding 4-1/2 percent (Series "E") mortgage gold bonds due June 1, 1957.
2. Pacific Gas and Electric Company shall use the proceeds, other than accrued interest, obtained from the sale of \$13,226,500.00 of the bonds to pay in part the bonds referred to in the foregoing opinion.
3. Pacific Gas and Electric Company shall use the proceeds, other than accrued interest, obtained from the sale of \$1,773,500.00 of said bonds to pay in part the cost of the extensions, additions, betterments and improvements referred to in the foregoing opinion, provided that only such cost as is properly chargeable to fixed capital accounts under the uniform system of accounts

prescribed or adopted by the Railroad Commission,  
may be paid through the use of said proceeds.

4. The accrued interest obtained from the sale of the \$15,000,000.00 of bonds herein authorized to be issued may be used for general corporate purposes.
5. 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 \$2,640.00.
6. Pacific Gas and Electric Company 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 19<sup>th</sup>  
day of September, 1927.



*Edmund [Signature]*  
*C. [Signature]*  
*Leon [Signature]*  
*David [Signature]*  
*Mr. J. [Signature]*  
Commissioners.

Fee No. 24521