

LBM

Decision No. 19101.

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 shares of its preferred capi-)
tal stock, in the manner and to the)
amount and for the purposes in this)
application set forth.)

ORIGINAL

Application No. 14208

W. B. Bosley and 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 the Railroad Commission to enter its order authorizing applicant to acquire and to hold all or any part of 20,774 shares (\$2,077,400. par value) of the seven percent preferred stock of Coast Valleys Gas and Electric Company; all or any part of the 46,250 shares (\$4,625,000. par value) of the seven percent preferred stock of Western States Gas and Electric Company (of California) and all or any part of 17,874 shares (\$1,787,400. par value) of the seven percent preferred stock of Western States Gas and Electric Company of Delaware. The Pacific Gas and Electric Company also asks permission to issue not exceeding 339,592 shares of its first preferred six percent capital stock of the par value of \$25. per share and of the aggregate par value of \$8,489,800.

and to exchange all or any part of said shares of said applicant's stock for the shares of the preferred stock of Coast Valleys Gas and Electric Company, Western States Gas and Electric Company (of California) and Western States Gas and Electric Company of Delaware, in the proportion of four shares of applicant's preferred stock of the par value of \$25. for each share of said preferred stock of said corporations, of the par value of \$100.

Pacific Gas and Electric Company reports that under Decision No. 13567, dated June 30, 1927, in Application No. 13805 it has acquired and now owns a majority of all the subscribed and issued capital stock of Coast Valleys Gas and Electric Company, of Western States Gas and Electric Company (of California) and of Western States Gas and Electric Company of Delaware and that ever since on or about July 7, 1927 through its officers and agents, has been and is now managing and conducting the business and affairs of said companies. It is of record that in the management and conduct of the business and affairs of said corporations it has been necessary to maintain their individual corporate entities and structures. In the interests of uniformity and standards of service and further economy of financing and of operation, applicant proposes in due course to acquire the properties of said Coast Valleys Gas and Electric Company; of the Western States Gas and Electric Company, and to effect the dissolution of said two companies, as well as of Western States Gas and Electric Company of Delaware.

The acquisition of the preferred stock is a means to that end. Applicant proposes to offer to the holders of seven percent stock of Western States Gas and Electric Company (of California); of Western States Gas and Electric Company of Delaware and of Coast Valleys Gas and Electric Company, its six percent cumulative preferred stock, on the basis of four shares of such stock (aggregate par value \$100.) for one share, par value of \$100., of the seven percent preferred stock of the corporations mentioned. The testimony shows that the market value of the six percent preferred stock of Pacific Gas and Electric Company is about

equal to the market value of the seven percent preferred stock of the companies mentioned. The several companies have outstanding or subscribed for seven percent cumulative preferred stock in the amount of \$8,489,800. par value, segregated into \$2,077,400. of Coast Valleys Gas and Electric Company, \$4,625,000. Western States Gas and Electric Company (of California) and \$1,787,400. Western States Gas and Electric Company of Delaware. It should be said in connection with this application that any action that this Commission may take or any action which the Pacific Gas and Electric Company may take in the matter is not compulsory. It was emphasized by representatives of the Pacific Gas and Electric Company that they merely proposed to offer to the stockholders of the different companies stock of the Pacific Gas and Electric Company in exchange for their present holdings on a par for par basis. Any of the holders who do not desire to accept such offer may continue the ownership of the stock which they now hold until such time as the stock is called for redemption or the properties of the several companies sold and their assets distributed.

O R D E R

Pacific Gas and Electric Company having asked permission to acquire the stocks referred to in the opinion which precedes this order, and to issue not exceeding 339,592 shares of its six percent cumulative preferred stock of the par value of \$8,489,800., a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of the 339,592 shares of stock of Pacific Gas and Electric Company, is reasonably required by such company and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income, and that this application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED as follows;-

1. Pacific Gas and Electric Company may acquire from the holders thereof and to hold all or any part of the 20,774 shares of the seven percent preferred stock of Coast Valleys Gas and Electric Company now issued or subscribed for; all or any part of the 46,250 shares of the seven percent preferred stock of Western States Gas and Electric Company (of California) not owned by Western States Gas and Electric Company of Delaware, and all or any part of the 17,874 shares of the seven percent preferred stock of Western States Gas and Electric Company of Delaware not hitherto acquired by Pacific Gas and Electric Company.

2. Pacific Gas and Electric Company may issue on or before June 30, 1928 not exceeding 339,592 shares of its first preferred capital stock of the par value of \$25.00 per share and of the aggregate par value of \$8,489,800.00 and to exchange all or any part of said shares of said stock for the shares of the preferred stock of said Coast Valleys Gas and Electric Company, Western States Gas and Electric Company (of California) and Western States Gas and Electric Company of Delaware mentioned above, in the proportion of four shares of Pacific Gas and Electric Company's preferred capital stock of the par value of \$25.00 for each share of said preferred stock of said corporations of the par value of \$100.00.

3. The authority herein granted will become effective upon the date hereof.

4. Pacific Gas and Electric Company shall keep such record of the issue, sale and delivery 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 ~~November~~ *December*, 1927.

A. Seavey

Thos. J. Powell

M. J. Lee
Commissioners.