

LEVM

Decision No. 19304.

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 National City Com-
pany (a New York corporation)
\$20,000,000.00 face amount of appli-
cant's first and refunding gold mort-
gage bonds of Series "E", and to use
the proceeds for the purposes set
forth herein.

ORIGINAL

Application No. 14387

W. B. Bosley, C. P. Cutten and R. W. DuVal,
for applicant.

BY THE COMMISSION:

O P I N I O N

Pacific Gas and Electric Company asks permission to issue and sell at 96 percent of their face value and accrued interest, \$20,000,000.00 of four and one half percent first and refunding mortgage gold bonds of Series "E" due June 1, 1957, and use the proceeds to pay in part for the properties of Western States Gas and Electric Company, hereinafter sometimes referred to as Western Company of California, and Coast Valleys Gas and Electric Company, hereinafter sometimes referred to as Coast Valleys Company.

The testimony shows that on January 23, 1928 Western Company of California had outstanding 67,500 shares (\$6,750,000.00 par value) of seven percent preferred stock, and 39,815 shares (\$3,981,500.00 par value) of common stock; that Western States Gas and Electric Company of Delaware had outstanding 21,250 shares

(\$2,125,000.00 par value) of seven percent preferred and 35,300 shares (\$3,503,000.00 par value) of common stock; and that Coast Valleys Company had outstanding 20,772 shares(\$2,077,200.00 par value) of seven percent preferred, 4,190 shares (\$419,000.00 par value) of six percent preferred, and 30,000 shares (\$3,000,000. par value) of common stock.

The following tabulation (Exhibit A) shows the amount of stock of each company outstanding and the amount owned by Pacific Gas and Electric Company at the close of business on January 23, 1928;-

Company	Shares owned by public	Shares owned by Pacific Company	Shares owned by Western Company of Delaware	Total shares issued
<u>Coast Valleys Company:</u>				
Preferred-7%.....	1,247½	19,524½		20,772
Preferred-6%	4,190			4,190
Common.....		30,000		30,000
Total.....	5,437½	49,524½		54,962
<u>Western Company of California:</u>				
Preferred-7%.....	3,384	42,866	21,250	67,500
Common		7,515	32,300	39,815
Total.....	3,384	50,381	53,550	107,315
<u>Western States Gas and Electric Company of Delaware:</u>				
Preferred-7%.....	4,924	16,326		21,250
Common.....	1,050	33,980		35,030
Total.....	5,974	50,306		56,280

The testimony of A. F. Hockenbeamer, president of the Pacific Gas and Electric Company, shows that as of January 30, 1928 Pacific Gas and Electric Company owned or controlled approximately 91 percent of the outstanding stock of Western Company of California and Coast Valleys Company. His testimony further shows that as soon as practicable the properties of the Western Company of California and Coast Valleys Company will be transferred to applicant.

It is of record that the proceeds which the Pacific Gas and Electric Company will realize from the sale of the \$20,000,000.00 of bonds will be paid to Western States Gas and Electric Company and Coast Valleys Gas and Electric Company as part consideration for the properties which these companies are to hereafter transfer to applicant. The proceeds from the bonds will be deposited with the trustees of the mortgages and deeds of trust of said Western Company of California and Coast Valleys Company and the trustees instructed to use said proceeds to redeem, pay and discharge the outstanding bonds and notes of Western Company of California and Coast Valleys Company.

The two companies mentioned have the following bonds outstanding:-

Company	Name of issue	Interest rate	Due date	Amount outstanding with public
Coast Valleys Company	:1st mtge	: 6%	:3/1/52	:\$ 1,808,000.
Western Company of California	:1st and re-funding	: 5%	:6/1/41	: 2,941,500.
Western Company of California	:1st and unifying	: 6%	:3/1/47	: 8,850,000.
Western Company of California	:Gold notes	: 6%	:10/1/37	: 5,000,000.
				:\$18,599,500.

Applicant's Exhibit No. 1 shows that Coast Valleys Company's bonds are callable at 105 and accrued interest. The Western Company's first and refunding mortgage bonds, now first mortgage bonds, are callable at 105 and accrued interest, the Western Company's first and unifying mortgage bonds at 107-1/2 and accrued interest, and the Western Company's notes at 102-1/2 and accrued interest. All of the notes and bonds, with the exception of Western Company's first and refunding bonds, have been called for redemption on March 1st. The first and refunding bonds of Western States are to be redeemed on June 1st, the earliest date at which they may be called for redemption. The cost of redeeming the bonds, to which reference has been made, will be \$19,625,725.00. If applicant issues and sells

\$20,000,000.00 of four and one half percent bonds at 96 it will realize \$19,200,000.00, or \$425,725.00 less than the amounts required to redeem the bonds above mentioned. The additional cash (\$425,725.00) will be advanced by applicant from its cash on hand.

O R D E R

Pacific Gas and Electric Company having asked permission to issue and sell \$20,000,000.00 of bonds, 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 such issue is reasonably required by applicant for the purposes specified in this order and that such purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Pacific Gas and Electric Company may issue and sell on or before June 1, 1928 at not less than ninety-six (96) percent of face value, plus accrued interest, \$20,000,000.00 face value of its first and refunding mortgage gold bonds, Series "E", to be dated June 1, 1927, to bear interest at the rate of four and one half percent per annum, to become due on June 1, 1957, and to be callable on any interest payment date upon sixty days prior notice to the holders of said bonds at one hundred and five (105) and accrued interest, if called on or before June 1, 1952, and thereafter at par and accrued interest.

IT IS HEREBY FURTHER ORDERED that the Pacific Gas and Electric Company shall use the proceeds obtained from the sale of said \$20,000,000.00 of bonds, other than accrued interest, to pay in part for the properties of the Coast Valleys Gas and Electric Company and Western States Gas and Electric Company, referred to in this application, and said companies shall in turn use said proceeds, or the equivalent, to pay, redeem and discharge in part the outstanding bonds and notes referred to in the foregoing opinion. The accrued

interest may be used for general corporate purposes.

IT IS HEREBY FURTHER ORDERED that 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 Eight Thousand (\$8,000.00) Dollars.

IT IS HEREBY FURTHER ORDERED that 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 3rd day of February, 1928.

Leon Whidely

Chas. E. ...

Emmanuel ...

Thos. ...

W. J. ...

Commissioners.

Fee \$8000.00
RAILROAD COMMISSION
STATE OF CALIFORNIA
FEB 4 1928
By [Signature]
Fees