

LEM

Decision No. 21695

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)
acquire upon the terms and condi-)
tions in this application set forth)
the shares of common capital stock of)
Vallejo Electric Light and Power Com-)
pany herein mentioned, etc.)

ORIGINAL

Application No. 15974

C. P. Cutten, for applicant.

BY THE COMMISSION:

O P I N I O N

In this application the Railroad Commission is asked to authorize the Pacific Gas and Electric Company, hereinafter sometimes referred to as applicant, to acquire and hold 4583-1/3 shares of the capital stock of the Vallejo Electric Light and Power Company, hereinafter sometimes referred to as Vallejo Company, to authorize the Pacific Gas and Electric Company to issue to the holders of said stock of Vallejo Electric Light and Power Company 10,083-1/3 shares of its common capital stock of the aggregate par value of \$252,083.33-1/3. The Pacific Gas and Electric Company also asks that it be permitted to use \$50,416.67 of cash which it may receive from the stockholders of Vallejo Electric Light and Power Company under the terms of the agreement filed in this proceeding and marked "Exhibit A" for the purpose of reimbursing its treasury in part, on account of capital expenditures of \$12,932,236.24 made prior to June 1, 1929 and/or to pay in part the cost of the additions, expenses, betterments and improvements to applicant's facilities and the facilities of Mt. Shasta Power Corporation shown in Exhibits "C", "D", "E" and "F" of Application No.

15935.

The Vallejo Electric Light and Power Company has an authorized stock issue of \$100,000.00 divided into 10,000 shares of the par value of \$10. each. All of the company's authorized stock has been issued and is outstanding. Under date of September 12, 1929 the holders of 4,583-1/3 shares of the capital stock of Vallejo Electric Light and Power Company offered to deliver such stock plus \$50,416.67 in cash to the Pacific Gas and Electric Company in exchange for 10,083-1/3 shares of that company's common stock. The cash which the Pacific Gas and Electric Company will receive through the issue of the stock, it desires to use for the purpose of financing construction expenditures, as indicated above. From the record it appears that the Pacific Gas and Electric Company has agreed to issue two shares of its common stock in exchange for one share of the Vallejo Electric Light and Power Company common stock and in addition has agreed to sell at \$55. per share, 916-2/3 shares of its common stock to the holders of the 4,583-1/3 shares of stock of Vallejo Company. The \$50,416.67 will be paid for the 916-2/3 shares of stock.

A. F. Hockenbeamer, president of Pacific Gas and Electric Company, testified that his company was asking permission to acquire 4,583-1/3 shares of the stock of Vallejo Company to protect its properties and business. It appears that during 1927 the Vallejo Company purchased from applicant \$53,898.00 worth of electric energy; during 1928 \$59,100. worth of electric energy; and during the first nine months of 1929, \$47,702.00 worth of electric energy. He further testified that he was informed that the Vallejo Electric Light and Power Company, or its properties, were offered for sale to others. Rather than have such transfer consummated and the properties fall into possibly unfriendly hands, applicant concluded to accept the offer made to it by the holders of 4,583-1/3 shares of Vallejo Power Company stock. It is of record that applicant has offered to pay for the remainder of the stock of Vallejo

Company, the same price it has agreed to pay for the 4,583-1/3 shares. A. F. Hockenbeamer also testified that in his opinion the purchase of the Vallejo Company stock on the basis outlined herein is not prejudicial to the holder of common stock of Pacific Gas and Electric Company.

While the order herein will permit Pacific Gas and Electric Company to purchase 4,583-1/3 shares of the issued and outstanding stock of Vallejo Electric Light and Power Company it should be understood by the purchaser that we have made no determination of the amount of such purchase price which may be charged to fixed capital accounts at the time, if ever, the properties of Vallejo Electric Light and Power Company may be acquired by Pacific Gas and Electric Company. The transfer of the Vallejo Electric Light and Power Company properties is not involved in this proceeding.

ORDER

Pacific Gas and Electric Company having asked permission to acquire and hold 4,583-1/3 shares of the issued and outstanding stock of Vallejo Electric Light and Power Company, to issue 10,083-1/3 shares of its common capital stock and to use \$50,416.67 of cash which it may acquire through the issue of 916-2/3 shares of its common capital stock, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the issue of the stock herein authorized is reasonably necessary for the purposes hereinafter stated, that the money, property or labor to be procured or paid for by the issue of such stock is reasonably required by applicant 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 and hold 4,583-1/3 shares of the issued and outstanding stock of Vallejo Electric Light and Power Company.

2. Pacific Gas and Electric Company may issue on or before December 1, 1929 to the holders of said 4,583-1/3 shares of stock of the Vallejo Electric Light and Power Company, 10,083-1/3 shares of its common capital stock of the aggregate par value of \$252,083.33-1/3 said 10,083-1/3 shares to be issued and delivered pursuant to the terms and conditions set forth in Exhibit "A" filed in this proceeding.

3. Pacific Gas and Electric Company may use \$50,416.67 of cash which it will receive as part of the consideration for said 10,083-1/3 shares of common stock, as specified in the agreement filed in this proceeding as Exhibit "A", to reimburse its treasury in part on account of capital expenditures of \$12,932,236.24, made prior to June 1, 1929, and/or to pay in part the cost of additions, extensions, betterments and improvements to applicant's facilities and the facilities of Mt. Shasta Power Corporation, shown in Exhibits "C", "D", "E" and "F" of Application No. 15935.

4. Until such time as Pacific Gas and Electric Company has acquired the aforementioned stock of Vallejo Electric Light and Power Company and has expended the \$50,416.67 of cash, it shall file with the Commission monthly reports showing the number of shares of stock of Vallejo Electric Light and Power Company acquired during the month covered by the report, the number of shares of stock issued in exchange therefor, the names of the person or persons to whom such shares were issued, the amount of cash received and the purposes for which said cash was expended, said monthly reports to be filed within twenty days after the last day of the month in which the report must be filed.

5. The authority herein granted will become effective ten days after the date hereof.

DATED at San Francisco, California, this 19th day of October, 1929.

Thos D. Lott
J. C. Seamy
Simon G. ...
Leon ...
W. J. ...

Commissioners.