

Decision No. 22488.

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, sell and deliver shares of  
 its five and one-half percent. first  
 preferred stock of the aggregate  
 amount of \$10,000,000.00; to reim-  
 burse its treasury for capital expen-  
 ditures, and to finance the construction  
 of additions, extensions, betterments  
 and improvements to its facilities  
 and the facilities of Mt. Shasta Power  
 Corporation, in the manner set forth  
 herein.

ORIGINAL

Application No. 16533

C. P. Cutten, for applicant.

BY THE COMMISSION:

O P I N I O N

Pacific Gas and Electric Company has applied to the Railroad Commission for permission to issue, sell and deliver at not less than \$24.50 per share, 400,000 shares of its five and one-half percent first preferred stock of the par value of \$25.00 each and of the aggregate par value of \$10,000,000.00, and to use the proceeds to reimburse its treasury, in part, on account of capital expenditures of \$9,756,202.08 made prior to December 31, 1929 and/or to pay in part the cost of the additions, extensions, betterments and improvements to its facilities and to the facilities of Mt. Shasta Power Corporation amounting to \$55,548,314.33.

The record in this and in former proceedings shows that as of December 31, 1929, expenditures had been made for capital additions to applicant's plant and the plant of Mt. Shasta Power Corporation in the amount of \$9,756,202.08, which had not been paid or provided for through the issue of securities, and that in addition, capital expenditures for the two companies were estimated at \$55,548,314.33, the two items aggregating \$65,304,516.41. This is segregated as follows:-

Unreimbursed capital expenditures of Pacific Gas and Electric Company and Mt. Shasta Power Corporation at December 31, 1929 (Exhibit "B", Application No. 16464).....	\$9,756,202.08
Unexpended balances of capital expenditures authorized at December 31, 1929, reported in monthly statement to the Railroad Commission for December 31, 1929 of Pacific Gas and Electric Company (Exhibit "C", Application No. 16464) .....	41,076,267.76
Unexpended balances of capital expenditures authorized at December 31, 1929, reported in monthly statement to the Railroad Commission for December 31, 1929 of Mt. Shasta Power Corporation (Exhibit "D", Application No. 16464).....	6,046.57
Estimated cost of new construction arising out of the development of the company's business and the addition of new consumers in 1930 (Exhibit "E", Application No. 16464) .....	<u>14,466,000.00</u>
Total expenditures.....	<u>\$65,304,516.41</u>

To meet the total expenditures of \$65,304,516.41, the Commission heretofore by Decision No. 22397, dated May 1, 1930, in Application No. 16464, has authorized the company to use \$1,310,377.67 to be received from stock sold under former orders from the Commission and the proceeds to be received from the sale of \$2,961,675.00 par value of stock authorized by former decisions but unsold.

Taking into consideration the proceeds authorized by Decision No. 22397 to be applied against the total of \$65,304,516.41 there would be left expenditures in excess of \$61,000,000.00 not paid or provided<sup>for</sup>/through the issue of securities. The \$10,000,000.00 of stock now proposed to be issued will be sold to provide, in part, the cost of these expenditures. Because of the substantial excess of the expenditures over the contemplated stock issue, it does not seem necessary to make a detailed examination of all the items comprising the \$65,304,516.41. The Commission in general is familiar with applicant's construction program and on former occasions has reviewed and considered the proposed expenditures to such an extent as seems to warrant it at this time to authorize the additional stock issue. In authorizing the issue, it should be understood, of course, that the Commission is not approving in their entirety the expenditures referred to in this application. The authority granted is an approval only to the extent of \$10,000,000.

#### ORDER

Pacific Gas and Electric Company having applied to the Railroad Commission for permission to issue, sell and deliver \$10,000,000.00 of stock. and the Railroad Commission being of the opinion that this is not a matter in which a public hearing is necessary, and that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required for the purposes specified herein, which 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 hereby is, authorized to issue, sell and deliver, on or before June 30, 1931, at not less than \$24.50 a share, 400,000 shares of its five and one-half percent first preferred capital stock of the par value of \$25.00 a share and of the aggregate par value of \$10,000,000.00, and to use the proceeds to reimburse its treasury and/or to pay in part the cost of the additions, extensions, betterments and improvements to its facilities and to those of Mt. Shasta Power Corporation, referred to in the foregoing opinion and described in Exhibits "B", "C", "D" and "E" in Application No. 16464.

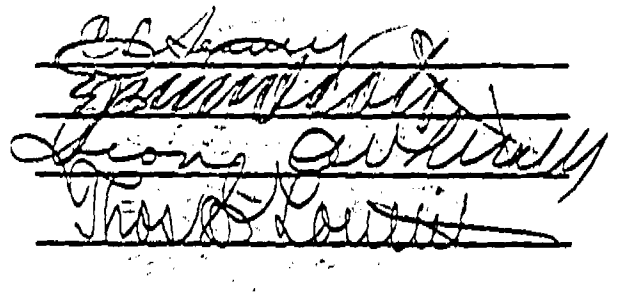
The authority herein granted is subject to the following conditions:-

(1) Only such expenditures referred to in said Exhibits "B", "C", "D" and "E" as are chargeable properly to fixed capital and road and equipment accounts, as defined in the uniform systems of accounts prescribed or adopted by this Commission, may be financed with the proceeds to be received from the stock herein authorized to be issued.

(2) Applicant 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.

(3) The authority herein granted will become effective ten days after the date hereof.

DATED at San Francisco, California, this 27th day of May, 1930.

  
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Commissioners