

LEM

Decision No. 22768.

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)
twenty-five million dollars
(\$25,000,000.00) face amount of ap-
plicants' first and refunding mortgage
gold bonds of Series "F", and to use
the proceeds for the purposes set
forth herein.

ORIGINAL

Application No. 16758

C. P. Cutten, for applicant.

SEAVEY, Commissioner:

O P I N I O N

Pacific Gas and Electric Company has applied to the Railroad Commission for permission to issue and sell, at not less than 93-1/2 percent of face value plus accrued interest, \$25,000,000.00 of first and refunding mortgage four and one half percent bonds due 1960, for the purpose of financing the cost of additions, extensions, betterments and improvements to its facilities and to the facilities of Mt. Shasta Power Corporation, a subsidiary.

The bonds applicant proposes to issue are part of an authorized issue of \$250,000,000.00 of bonds secured by its first and refunding mortgage of December 1, 1920. The amounts of first and refunding mortgage bonds heretofore issued under former orders of

the Commission and now outstanding in the hands of the public are reported as follows:-

DESIGNATION AND TERMS	ISSUED	OUTSTANDING
Series "A" 7's, dated Dec. 1, 1920, due Dec. 1, 1940	\$ 10,720,000.	-
Series "B" 6's, dated Dec. 1, 1921, due Dec. 1, 1941	20,000,000.	\$ 20,000,000.
Series "C" 5-1/2's, dated Dec. 1, 1922, due Dec. 1, 1952	45,000,000.	45,000,000.
Series "D" 5's, dated June 1, 1925, due June 1, 1955	20,475,000.	20,000,000.
Series "E" 4-1/2's, dated June 1, 1927, due June 1, 1957	35,000,000.	35,000,000.
TOTALS.....	\$131,195,000.	\$ 120,000,000.

The new bonds will be designated Series "F", will be dated June 1, 1930, will bear interest at the rate of four and one half percent per annum, will mature June 1, 1960, and will be redeemable at the option of the company, in whole or in part, upon any interest payment date upon sixty days prior notice, at 105 and accrued interest, if redeemed on or before June 1, 1955, and thereafter at par and accrued interest. Arrangements have been made to sell them to The National City Company at 93-1/2 percent of their face value, plus accrued interest.

In making this application for permission to issue and sell its bonds, applicant alleges that its construction requirements during 1930 demand the issue of additional securities. In this connection it refers to its Application No. 16464, filed with the Commission on April 16, 1930, wherein it set forth in some detail actual and estimated expenditures for capital purposes of \$65,304,516.41, for which it had not made full provision for financing. The items making up the \$65,304,516.41 and the amounts receivable from securities sold under former authorizations available to meet in part such expendi-

tures, were reported as follows:-

Unreimbursed capital expenditures at Dec. 31, 1929 of Pacific Gas and Electric Company and Mt. Shasta Power Corporation (Exhibit "B"-Application No. 16464)	\$ 9,756,202.08
Unexpended balance of capital expenditures authorized at Dec. 31, 1929 by Pacific Gas and Electric Company (Exhibit "C"-Application No. 16464)	41,076,267.76
Unexpended balance of capital expenditures authorized at Dec. 31, 1929 by Mt. Shasta Power Corporation (Exhibit "D"-Application No. 16464)	6,046.57
Estimated cost of new construction, Pacific Gas and Electric Company, for calendar year 1930 (Exhibit "E"-Application No. 16464)	<u>14,466,000.00</u>
Total	<u>\$65,304,516.41</u>
Accounts receivable for applicant's 6% first preferred stock sold to and including Dec. 31, 1929 under Decisions 17801 and 18103 in Application No. 13350	162,947.50
Accounts receivable for applicant's 5-1/2% first preferred stock sold to and including Dec. 31, 1929 under Decisions 20244 and 21291 in Application 14956	535,796.10
Accounts receivable for applicant's common stock sold to and including Dec. 31, 1929 under Railroad Commission decisions in:	
Application No. 13350	\$162,947.50
Application No. 15935	133,240.09
Application No. 15936	<u>315,446.48</u>
Total	\$ <u>611,634.07</u>
Total	<u>\$ 1,310,377.67</u>
Excess of unreimbursed capital expenditures and construction expenditures authorized and estimated at Dec. 31, 1929 over accounts receivable and proceeds to be received from securities sold prior to Dec. 31, 1929	<u>\$ 63,994,138.74</u>

The unsold stock at December 31, 1929, and the stock authorized subsequently thereto, available to provide in part the excess expenditures of \$63,994,138.74 is as follows:-

Par value of 5-1/2 percent preferred stock authorized to be sold at not less than \$24.00 per share by Decision No. 20244, as amended by Decision No. 21291, but not sold at December 31, 1929	\$ 2,746,275.00
Par value of common stock authorized to be sold at par by Decision No. 21547 but not sold at December 31, 1929	70,475.00
Par value of common stock authorized to be sold at \$55. a share by Decision No. 21548 but not sold at December 31, 1929	144,925.00
Par value of 5-1/2 percent preferred stock authorized to be sold at not less than \$24.50 a share by Decision No. 22488	<u>10,000,000.00</u>
Total	<u>\$12,961,675.00</u>

It appears from the foregoing statements that applicant has expenditures, made or estimated, of more than \$50,000,000.00 on account of which no securities have been issued nor authorized to be issued. The sale of the \$25,000,000.00 of bonds to meet in part these amounts, therefore, clearly seems necessary and the order herein will so provide. I might add, at this point, that the Commission in general is familiar with applicant's construction program and on former occasions has reviewed and considered the expenditures referred to in this application so that a further detailed examination is not necessary, in my opinion, at this time. In passing on the present request, however, it should be understood, of course, that the Commission is not approving in their entirety all of the expenditures set forth. It is approving them only to the extent necessary to justify the issue of the \$25,000,000.00 of bonds.

I herewith submit the following form of order:-

ORDER

Pacific Gas and Electric Company, having applied to the Railroad Commission for permission to issue and sell \$25,000,000.00

of bonds, a public hearing having been held, and the Commission being of the opinion that the money, property or labor to be procured or paid for through such issue is reasonably required for the purpose specified herein, which purpose is not in whole or in part reasonably chargeable to operating expense or to income, therefore,

IT IS HEREBY ORDERED that Pacific Gas and Electric Company be, and it hereby is, authorized to issue and sell on or before October 31, 1930 at not less than 93-1/2 percent of face value plus accrued interest, \$25,000,000.00 of its first and refunding mortgage gold bonds of Series "F", dated June 1, 1930, due June 1, 1960, with interest at four and one half percent per annum, for the purpose of financing in part the cost of additions, extensions, betterments and improvements to its facilities and to the facilities of Mt. Shasta Power Corporation, shown in Exhibits "C", "D" and "E" in Application No. 16464.

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

- (1) Only such expenditures as are chargeable to fixed capital accounts and road and equipment accounts under the uniform systems of accounts prescribed or adopted by this Commission may be financed with the proceeds to be received through the issue and sale of the bonds herein authorized.
- (2) Applicant shall keep such record of the issue and sale 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.

(3) 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 Nine Thousand, Two Hundred and Fifty (\$9,250.00) Dollars.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

DATED at San Francisco, California, this 25th day of July, 1930.

Al. J. Sweeney
Exalt. Director

M. J. Cunn
Commissioners.

Fee \$ 9,250.⁰⁰
R. J. Payson
Secretary
Fee # 28158