

Decision No. 23055.

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 first preferred )  
capital stocks in the manner, to the )  
amount and for the purposes in this )  
application set forth. )

**ORIGINAL**

Application No. 16959

C. P. Cutten and Chaffee E. Hall,  
for applicant.

BY THE COMMISSION:

O P I N I O N

In this application, as amended at the public hearing held thereon, Pacific Gas and Electric Company asks permission to acquire and hold all or any part of the outstanding \$12,927,800.00 of the seven percent preferred stock and \$4,896,500. of the six percent Series "A" preferred stock of Great Western Power Company of California and the \$986,000.00 of the seven percent Class "A" preferred stock of Feather River Power Company, and to issue in exchange therefor \$9,898,150.00 of its five and one half percent preferred stock and \$8,912,150.00 of its six percent preferred stock upon the following bases:-

- a. Two shares of applicant's five and one half percent preferred stock of the par value of \$25.00 each and two shares of its six percent preferred stock of the par value of \$25.00 each for each share of the seven percent preferred stock and

the six percent preferred stock of Great Western Power Company of California of the par value of \$100.00 each;

b. Four shares of applicant's five and one half percent preferred stock of the par value of \$25.00 each for each share of the seven percent Class "A" stock of Feather River Power Company of the par value of \$100.00 each.

The application shows that Great Western Power Company of California has outstanding \$47,824,300.00 of stock and Feather River Power Company \$3,438,300.00 of stock. The various classes of stock making up these totals and the amounts in the hands of the public, and the amounts now held or controlled by applicant are set forth in Exhibit No. 1 as follows:-

	<u>Par Value</u>
<u>GREAT WESTERN POWER COMPANY OF CALIFORNIA:</u>	
Outstanding in the hands of the public:	
7% Preferred stock . . . . .	\$12,927,800.
6% Preferred stock . . . . .	4,896,500.
	<u>\$17,824,300.</u>
Held by Pacific Gas and Electric Company:	
Common stock . . . . .	30,000,000.
Total . . . . .	<u>\$47,824,300.</u>
<u>FEATHER RIVER POWER COMPANY:</u>	
Outstanding in the hands of the public;	
Class "A" 7% Preferred stock . . . . .	\$ 986,000.
Held by Great Western Power Company of California:	
Class "B" 7% Preferred stock . . . . .	1,452,400.
Common stock . . . . .	999,900.
	<u>\$2,452,300.</u>
Total . . . . .	<u>\$3,438,300.</u>

The application shows that Pacific Gas and Electric Company, under authority granted by Decision No. 22432, dated May 14, 1930, acquired the outstanding \$30,000,000.00 of Great Western Power Company of California's common stock, which carried

with it control of the affairs of Feather River Power Company by reason of the ownership by Great Western Power Company of California of all the outstanding common stock and seven percent Class "B" preferred stock of Feather River Power Company. Since that acquisition, which occurred on or about June 12, 1930, Pacific Gas and Electric Company, through its officers and agents, has been, directly or indirectly, conducting the business and affairs of the other two companies, although maintaining the individual corporate entities and structures. In the interest of uniformity of standards of service and economy in financing and operation, it is thought desirable in due course to cause the transfer of the physical properties of Great Western Power Company of California and Feather River Power Company to applicant. The acquisition of the ownership of the remaining stock of the two companies by applicant, as here proposed, is a means to that end. It is estimated that such acquisition will result in savings in dividend charges of about \$189,000.00 a year.

Prior to the hearing held in this matter the Commission received communications from a number of holders of the outstanding stock of Great Western Power Company of California objecting to the terms of exchange of stock offered them. At the hearing, however, no protest was made nor testimony offered to show why the present application should not be granted. While it is true that the holders of the preferred stocks of Great Western Power Company of California will suffer a diminution in dividends if they accept applicant's offer and exchange their stock, as herein proposed, it should be pointed out that any action the Commission may take in this matter is permissive only and in no sense is to be construed as compulsory or obligatory on the stockholder, or the company, to

make the exchange. Any of the present holders who do not desire to accept applicant's offer and to surrender their stock for applicant's stock may, of course, continue in the ownership of their present holdings until such time as the stock is called for redemption or the properties of the two companies sold to applicant and their assets distributed.

It might be stated that the preferred stock (all issues) of Great Western Power Company of California is subject to redemption in whole or in part ratably in proportion to the respective holdings of the stockholders upon any dividend date, upon vote of the Board of Directors of the company, at \$105.00 per share in cash, plus all unpaid cumulative dividends, as provided in the Articles of Incorporation, upon sixty days' notice. In case of the liquidation or dissolution of the company, the holders of the preferred stock shall be entitled to receive the par value thereof and all unpaid cumulative dividends and no more, which shall be paid before any amount shall be paid to the holders of the common stock, and thereafter the remaining assets shall be paid to the holders of the common stock.

In the event of the liquidation, dissolution or winding up of the Feather River Power Company, the holders of record of the Class "A" preferred stock are entitled to receive and be paid in full the par amount of their shares, together with all accrued and unpaid dividends before any amount shall be paid to or for the account of the holders of the Class "B" preferred stock or of the common stock. The company's Articles of Incorporation further provide for the deposit of the sums therein stated with the Pacific Southwest Trust and Savings Bank, Los Angeles, California, as trustee, as and for Class "A" preferred stock sinking fund, which deposits shall be used to redeem the Class "A" preferred stock of the company at not more than par plus accrued dividends.

O R D E R

Pacific Gas and Electric Company having asked permission to acquire the outstanding preferred stocks of Great Western Power Company of California and the outstanding preferred stock, Class "A", of Feather River Power Company, and to issue \$9,898,150.00 of its five and one half percent preferred stock and \$2,912,150.00 of its six percent preferred stock, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the application should be granted, as herein provided, 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 expenses or to income,

IT IS HEREBY ORDERED that-

- (1) Pacific Gas and Electric Company may acquire, on or before December 31, 1930, from the holders thereof, and hold all or any part of the 129,278 shares (\$12,927,200.00 par value) of the seven percent preferred stock and the 48,965 shares (\$4,896,500.00 par value) of the six percent Series "A" preferred stock of Great Western Power Company of California now issued and outstanding, and all, or any part of the issued and outstanding 9,860 shares (\$986,000.00 par value) of the seven percent Class "A" preferred stock of Feather River Power Company;
- (2) Pacific Gas and Electric Company may issue on or before December 31, 1930, up to but not exceeding 395,926 shares of its five and one half percent preferred stock of the par value of \$25.00 each, and of the aggregate par value of \$9,898,150.00, and 356,486 shares of its six percent

first preferred stock of the par value of \$25.00 each, and of the aggregate par value of \$8,912,150.00, and to exchange all or any part of said stock herein authorized to be issued for the said shares of preferred stocks of Great Western Power Company of California and Feather River Power Company, referred to in this order, in the following proportions:-

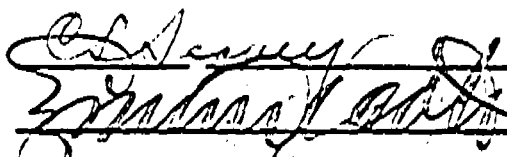
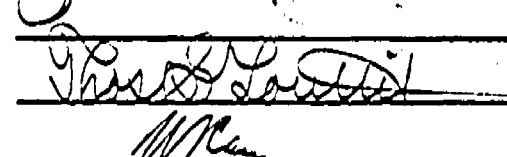
(a) Two (2) shares of Pacific Gas and Electric Company's said five and one half percent first preferred stock of the par value of \$25.00 each and two (2) shares of its said six percent first preferred stock of the par value of \$25.00 each, for each share of the said preferred stocks of Great Western Power Company of California of the par value of \$100.00; and

(b) Four (4) shares of Pacific Gas and Electric Company's said five and one half percent first preferred stock of the par value of \$25.00 each, for each share of the said preferred stock of Feather River Power Company of the par value of \$100.00.

(3) Pacific Gas and Electric Company shall keep such record of the issue and delivery of the stock herein authorized 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.

(4) The authority herein granted will become effective ten (10) days from the date hereof.

DATED at San Francisco, California, this 6<sup>th</sup> day of November, 1930.

Commissioners.