

Decision No. 22271.

ORIGINAL

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-  
 plicant's First and Refunding Mortgage  
 Gold Bonds of Series "F", and to use  
 the proceeds for the purposes set  
 forth herein.

Application No. 17099

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 authority to issue and sell, at not less than 95 percent of face value plus accrued interest, \$25,000,000.00 of its first and refunding mortgage four and one-half percent gold bonds of Series "F", due 1960, and to use the proceeds to reimburse its treasury, in part, on account of capital expenditures of \$27,478,340.99 made prior to July 31, 1930 and/or pay in part the cost of the additions, extensions, betterments and improvements to its facilities and to those of Mt. Shasta Power Corporation, a subsidiary company, shown in Exhibits "C", "D" and "E" of Application No. 16941 and in exhibit one of this proceeding, amounting to the sum of \$56,499,936.82.

Applicant reports outstanding in the hands of the public as of November 30, 1930 stocks and bonds as follows:

Common stock . . . . .	\$141,855,331.67
First preferred stock 6% . . . . .	78,898,256.91
First preferred stock 5-1/2% . . . . .	13,286,975.00
Bonds . . . . .	<u>210,971,200.00</u>
Total.....	<u>\$445,011,763.58</u>

These figures do not include any bonds or stocks of any of applicant's subsidiary corporations.

The payment of the \$25,000,000.00 of first and refunding 4-1/2 percent mortgage bonds which applicant now asks permission to issue will be secured by its first and refunding mortgage dated December 1, 1920. As of November 30, 1930 applicant had outstanding first and refunding mortgage bonds in the following amounts:

DESIGNATION AND TERMS	AMOUNT
Series "B" 6's due December 1, 1941	\$ 20,000,000.
Series "C" 5.5's due December 1, 1952	45,000,000.
Series "D" 5's due June 1, 1955	20,000,000.
Series "E" 4.5's due June 1, 1957	35,000,000.
Series "F" 4.5's due June 1, 1960	25,000,000.
Total.....	<u>\$ 145,000,000.</u>

The proposed bonds are similar to the Series "F" bonds now outstanding. They are to be dated June 1, 1930, to bear interest at four and one-half percent per annum, to become due on June 1, 1960 and to be redeemable at the option of the company, in whole or in part, upon any interest payment date 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 the bonds to The National City Company at 95 percent of face value plus accrued interest. In the event the purchaser offers the bonds to the public in excess of 98, the price of 95 shall be increased by one-half of the difference between 98 and the offering price to the public.

In submitting this application for permission to issue and sell the additional bonds, the company alleges that the proceeds to be received from the sale of securities heretofore authorized by the Commission will be insufficient to meet its requirements during 1931. In this connection it refers to its construction program presented to the Commission in its Application No. 16941, filed on October 7, 1930, wherein, it set forth actual expenditures of \$27,478,340.99 made prior to July 31, 1930, and estimated expenditures for the balance of 1930 and for 1931 of \$44,931,381.59, for which it had not made full provision for financing. The items making up these two sums and the amounts available to meet them from securities heretofore authorized by the Commission are set forth in the petition in the present application as follows:

A. ACTUAL OR ESTIMATED CONSTRUCTION EXPENDITURES:

Unreimbursed capital expenditures at July 31, 1930 of Pacific Gas and Electric Company and Mt. Shasta Power Corporation (Exhibit "B" Application No. 16941).....	\$27,478,340.99
Unexpended balance of capital expenditures authorized at July 31, 1930 by Pacific Gas and Electric Company (Exhibit "C", Application No. 16941) .....	22,391,475.68
Unexpended balance of capital expenditures authorized at July 31, 1930 by Mt. Shasta Power Corporation (Exhibit "D", Application No. 16941) .....	29,905.91
Estimated cost of new construction, Pacific Gas and Electric Company for remainder of year 1930 and for calendar year 1931 (Exhibit "E" Application No. 16941). .....	<u>16,510,000.00</u>
Total.....	\$72,409,722.58

B. SECURITIES OR PROCEEDS AUTHORIZED AGAINST AFORESAID EXPENDITURES:

Proceeds received from sale of \$25,000,000. face amount of applicant's First and Refunding Mortgage Gold Bonds, Series "F", authorized by Railroad Commission Decision No. 22708, Application No. 16758 .....	23,375,000.00
Accounts receivable for applicant's 5-1/2% first preferred stock sold to and including July 31, 1930 under Railroad Commission decisions in:	
Application No. 14956.....	\$311,881.79
Application No. 16533.....	<u>82,767.63</u>
	394,649.42

Par value of 5-1/2% first preferred stock authorized \$ to be sold by Railroad Commission Decision No. 20244, as amended by Decision No. 21291 (Application No. 14956) but not sold at July 31, 1930 (10 shares) .....	250.00
Par value of common stock authorized to be sold at par by Railroad Commission Decision No. 21547 (Application No. 15935) but not sold at July 31, 1930 (2,819 shares) .....	70,475.00
Par value of common stock authorized to be sold at \$55.00 per share by Railroad Commission Decision No. 21548 (Application No. 15936) but not sold at July 31, 1930 (5,797 shares) .....	144,925.00
Par value of 5-1/2% first preferred stock authorized to be sold by Railroad Commission Decision No. 22488 (Application No. 16533) but not sold at July 31, 1930 (332,328 shares) .....	8,308,200.00
Total .....	<u>\$32,293,499.42</u>
Balance .....	<u>\$40,116,223.16</u>

In exhibit number one filed in this proceeding applicant reports additional construction expenditures during 1931 of \$11,568,555.23. Adding the \$11,568,555.23 to the \$40,116,223.16 makes a total of \$51,684,778.39 of actual or estimated reported construction expenditures, against which the Commission has not authorized the issue of any securities.

The testimony submitted in support of this application clearly shows that applicant has need for the proceeds which it will realize through the sale of the \$25,000,000.00 of bonds.

#### ORDER

Pacific Gas and Electric Company having applied to the Railroad Commission for permission to issue and sell \$25,000,000. of bonds, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue and sale 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 and sell, on or before March 31, 1931, at not less than 95 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, bearing interest at the rate of four and one-half percent per annum and maturing on June 1, 1960, and to use the proceeds to be derived through the issue and sale of such bonds to reimburse its treasury on account of income used to pay capital expenditures prior to the date hereof, and/or to pay 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. 16941 and in exhibit one filed in this proceeding.

The authority herein granted is subject to further conditions as follows:

- (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.

DATED at San Francisco, California, this 10<sup>th</sup> day of January, 1931.

CC. Seamy  
Leon Whiskey  
W. A. Cain  
W. B. Hanna  
Fred G. Stewart  
Commissioners.

Fee \$9,250.<sup>00</sup>/<sub>100</sub>  
RAILROAD COMMISSION  
STATE OF CALIFORNIA  
JAN 10 1931  
W. B. Hanna  
SECRETARY  
Fee # 2853