

Decision No. 23871**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
 reimburse its treasury for capital
 expenditures, and for advances to
 affiliated companies, and to finance
 the construction of additions, exten-
 sions, betterments and improvements
 to its facilities, and to the
 facilities of Mt. Shasta Power Cor-
 poration in the manner set forth in
 this application.

Application No. 17268

C. P. Cutten for applicant.

BY THE COMMISSION:

OPINION

In the above entitled matter the Railroad Commission is asked to make its order authorizing Pacific Gas and Electric Company to use certain proceeds received and to be received through the issue and sale of stock and bonds heretofore authorized by the Commission to reimburse its treasury in/sum of \$41,324,063.82 on account of capital expenditures and because of advances and loans made to its affiliated companies to December 31, 1930, and/or to finance in part the cost of constructing additions, extensions, betterments and improvements to its facilities and to the facilities of Mt. Shasta Power Corporation amounting to \$25,979,449.08, all as set forth in Exhibits "B", "C", "D" and "E" filed in this proceeding.

The Railroad Commission from time to time has authorized Pacific Gas and Electric Company to issue stocks and bonds to

meet construction requirements upon its system and the system of Mt. Shasta Power Corporation, a wholly owned subsidiary. It appears, however, that not all of the securities heretofore authorized have been sold, nor all the proceeds received, and the company therefore at this time makes this application for a further order authorizing the use of these proceeds when and as received, to reimburse its treasury and/or pay further construction expenditures, as set forth in the application.

The unpaid subscriptions to securities and the unsold securities as of December 31, ¹⁹³⁰~~1929~~, are reported in Exhibit "B" as follows:

UNPAID SUBSCRIPTIONS TO 5-1/2% FIRST PREFERRED STOCKS:

Sold under Railroad Commission Decisions		
Nos. 20244 and 21291.....	\$134,860.36	
Sold under Railroad Commission Decision		
No. 22488.....	<u>196,425.75</u>	\$ 331,286.11

UNSOLD STOCKS AT DECEMBER 31, 1930:

Authorized under Railroad Commission	
Decision No. 22488: 232,232 shares of	
5 1/2% First Preferred Stock of the par	
value of \$25.00 each	5,805,800.00

SECURITIES AUTHORIZED TO BE ISSUED SUBSEQUENT TO DECEMBER 31, 1930:

Railroad Commission Decision No. 23271	
in Application No. 17099, \$25,000,000.	
par value First and Refunding Mortgage	
4 1/2% Gold Bonds, Series "F". Proceeds	
to be received	23,750,000.00
Railroad Commission Decision No. 23281	
in Application No. 17098, 567,422	
shares of Common Capital Stock of the	
par value of \$25.00 each.....	<u>14,185,550.00</u> <u>37,935,550.00</u>
TOTAL.....	<u>\$44,072,636.11</u>

In support of the present request to use these proceeds or the proceeds from the securities referred to in the foregoing tabulation, the company reports that in an earlier proceeding, Application No. 16941, its and Mt. Shasta Power Corporation's unreimbursed capital expenditures at July 31, 1930 amounted to \$27,478,340.99. From August 1, 1930 to and including December 31, 1930, it expended

\$19,154,875.10 for additions and betterments and \$20,756,136.54 in acquiring stocks and properties of other corporations and in making advances to subsidiaries to enable them to meet their construction and financial requirements, the total aggregating \$67,389,352.63. During this period, the company realized through the issue of securities the sum of \$26,065,288.81, leaving a balance of \$41,324,063.82 which was not financed through the issue and sale of securities. In addition, the company reports in this application its unexpended balances of capital expenditures as of the end of 1930 and its estimated expenditures for the year 1931. The total unreimbursed and estimated expenditures are said to aggregate \$67,303,512.90 as follows:

Unreimbursed capital expenditures at December 31, 1930 of Pacific Gas and Electric Company and Mt. Shasta Power Corporation, and unpaid advances and loans made to affiliated companies up to and including December 31, 1930 (Exhibit "B" filed in this proceeding).....	\$41,324,063.82
Unexpended balance of capital expenditures authorized at December 31, 1930 by Pacific Gas and Electric Company (Exhibit "C" filed in this proceeding)	15,892,387.80
Unexpended balance of capital expenditures authorized at December 31, 1930 by Mt. Shasta Power Corporation (Exhibit "D" filed in this proceeding)	7,061.28
Estimated cost of new construction, Pacific Gas and Electric Company, for remainder of year 1931 (Exhibit "E" filed in this proceeding).....	<u>10,080,000.00</u>
TOTAL.....	<u>\$67,303,512.90</u>

It appears upon an analysis of Exhibit "B" that the company may have advanced moneys to its affiliated companies which they in turn used to pay premiums in connection with the redemption of bonds. The premiums paid by the affiliated companies amount to \$429,647. The record shows that this premium has been or will, on the books of the affiliated

companies, be charged to profit and loss. It is not entirely clear whether the \$429,647.00 was provided by the affiliated companies or by applicant. If one were to disregard this item entirely, the company's capital expenditures not financed through the use of stock and bond proceeds, its advances to affiliated companies and its estimated construction expenditures aggregate \$66,873,865.90, whereas the amount which the company will realize from the sale of securities, the issue of which has heretofore been authorized, aggregates \$44,072,636.11. The Commission is not asked to approve the actual and estimated expenditures of \$67,303,512.90 mentioned on page 3 hereof, but to authorize the use of the \$44,072,636.11 for the purposes heretofore stated. This request can be granted without determining whether the \$429,647.00 should be used as a basis for the issue of stock or bonds.

ORDER

Pacific Gas and Electric Company having applied to the Railroad Commission for authority to use the proceeds to be received through the issue and sale of securities authorized in former decisions, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the money, property or labor to be procured or paid for through the use of such proceeds 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, therefore,

IT IS HEREBY ORDERED that Pacific Gas and Electric Company be, and it hereby is, authorized to use the proceeds to be

received from unpaid subscriptions to capital stock authorized to be issued by Decisions Nos. 20244 and 21291 in Application No. 14956; and Decision No. 22488 in Application No. 16533; and the proceeds received through the issue and sale of the bonds authorized by Decision No. 23271 in Application No. 17099; and the proceeds to be received from the sale of stock authorized by Decision No. 22488 in Application No. 16533; and Decision No. 23281 in Application No. 17098 to reimburse its treasury and/or to pay in part the cost of constructing additions, extensions, betterments and improvements to its facilities and to those of Mt. Shasta Power Corporation, referred to in Exhibits "B", "C", "D" and "E" filed in this proceeding.

IT IS HEREBY FURTHER ORDERED that the orders in Decisions Nos. 20244, 21291, 22488, 23271 and 23281 shall remain in full force and effect, except as modified by this Order.

DATED at San Francisco, California, this 11th day of May, 1931.

CC Seavey

M. A. Gu.

M. B. Harris

Frederic G. Stewart

Commissioners.