

ORIGINAL

Decision No. 25053.

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 \$500,000.00 face)
amount of applicant's First and Re-)
funding Mortgage Gold Bonds of Ser-)
ies "F", and to use the proceeds)
for the purposes set forth herein.)

Application No. 18297

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 and sell at not less than 85 percent of their face value, plus accrued interest, \$500,000.00 of first and refunding mortgage four and one half percent gold bonds of Series "F", dated June 1, 1930 and due June 1, 1960, and to use the proceeds to reimburse its treasury, in part, on account of capital expenditures and advances and loans to affiliated companies, to finance capital expenditures and to retire outstanding bonded indebtedness, 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.

Applicant refers to and incorporates in this proceeding its Application No. 17783, filed on November 13, 1931. In that application applicant reported expenditures made or estimated in the aggregate amount of \$48,893,775.21, which it alleged had not been paid or provided for through the issue of stocks or bonds. This amount was made up as follows:-

Unreimbursed capital expenditures and advances made to affiliated companies at August 31, 1931	\$37,324,850.61
Unexpended balances of capital expenditures authorized at August 31, 1931 of Pacific Gas and Electric Company	7,532,365.24
Unexpended balances of capital expenditures authorized at August 31, 1931 of Mt. Shasta Power Corporation	75,559.36
Estimated cost of new construction arising out of the development of applicant's business for remainder of 1931	<u>3,961,000.00</u>
Total.....	<u>\$48,893,775.21</u>

By Decision No. 24293, dated December 7, 1931, in Application No. 17783, the Commission authorized applicant to use \$2,835,831.59 of the proceeds received, or to be received, through the issue and sale of stock authorized by former orders, to finance in part the cost of such expenditures. Later, by Decision No. 24417, dated January 25, 1932, in Application No. 17908, it permitted the issue of an additional \$5,000,000.00 of six percent preferred stock to further provide for the financing of the amounts. It thus appears that a substantial portion of the company's advances to affiliated companies and expenditures for new properties have not been financed permanently through the issue of stock or bonds.

It is of record that applicant will sell the \$500,000.00 of bonds at the market price at the time they are issued, but in no

event for less than 85 percent of their face value and accrued interest.

ORDER

Pacific Gas and Electric Company having applied to the Railroad Commission for permission to issue \$500,000.00 of bonds, a public hearing having been held before Examiner Fankhauser and the Commission having considered applicant's request and being of the opinion that the money, property or labor to be procured or paid for through the issue of said bonds 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 Pacific Gas and Electric Company be, and it hereby is, authorized to issue at not less than 85 percent of their face value plus accrued interest, \$500,000.00 of its first and refunding mortgage gold bonds of Series "F", dated June 1, 1930, bearing interest at four and one half percent per annum, and becoming due June 1, 1960, and to use the proceeds to reimburse its treasury in part on account of capital expenditures and advances and loans made to its affiliated companies, to finance capital expenditures and to retire outstanding bonded indebtedness and/or to pay in part the cost of constructing additions, betterments, extensions and improvements to its facilities and to those of Mt. Shasta Power Corporation, all as set forth in Exhibits "B", "C", "D" and "E" in Application No. 17783.

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

1. The proceeds from the sale of the \$500,000.00 of bonds may be used through such reimbursement only to finance

expenditures which are properly chargeable to investment or fixed capital accounts, or to pay the cost of extensions, betterments, additions and improvements which are properly chargeable to fixed capital accounts.

2. Applicant shall keep such record of the issue 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 Five Hundred (\$500.00) Dollars.

DATED at San Francisco, California, this 15th day of August, 1932.

C. C. Seamy
Leon Overmyer
W. A. Lee
M. B. Lewis
Frederic G. Hubbard
Commissioners.

