

DE:

Decision No. 10-04

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
PACIFIC GAS AND ELECTRIC COMPANY for)
an order of the Railroad Commission)
of the State of California authoriz-)
ing applicant to issue, sell and de-)
liver its first preferred capital)
stock of the aggregate par value of)
\$5,000,000.; to reimburse its treas-)
ury for capital expenditures; and to)
finance the construction of additions)
extensions and improvements to its)
properties and the properties of the)
Mt. Shasta Power Corporation in the)
manner set forth herein.)

Application Number 7432

ORIGINAL

W. B. Bosley and C.P. Cutten, for Applicant.

ROWELL, COMMISSIONER.

PACIFIC GAS AND ELECTRIC COMPANY asks permission to issue and sell, at not less than \$85. per share, 50,000 shares (\$5,000,000.) of its first preferred six percent. stock, and to use the proceeds, together with the proceeds from the sale of securities heretofore authorized to be issued, to reimburse its treasury and to pay in part the cost of constructing additions, betterments, extensions and improvements to its properties and to the properties of Mt. Shasta Power Corporation controlled through stock ownership by applicant, as shown in Exhibits "B" "C" "D" and "E" filed in this proceeding.

Applicant has filed, in this proceeding, a copy of an amendment to its articles of incorporation which shows that recently it has re-classified its authorized capital stock of \$160,000,000.00 so

as to provide for an issue of \$79,900,000.00 of first preferred stock, \$100,000.00 of original preferred stock and \$80,000,000.00 of common stock. Of these amounts the company as of November 30, 1921, reports outstanding \$39,783,910.00 of first preferred, \$47,600.00 of original preferred and \$65,700,924.66 of common stock, including \$31,696,866.66 of common stock held by subsidiary companies.

The record shows that Pacific Gas and Electric Company and Mt. Shasta Power Corporation require \$16,436,329.87 to finance capital expenditures incurred prior to October 31, 1921 or to be incurred subsequent thereto. The \$16,436,329.87 consists of the following items:-

Unreimbursed Capital Expenditures at October 31, 1921 of Pacific Gas and Electric Company and Mt. Shasta Power Corporation	\$2,609,193.76
Capital Expenditures authorized at October 31, 1921 by Mt. Shasta Power Corporation (Pit River Development)	7,235,223.89
Capital Expenditures authorized at October 31, 1921 by Pacific Gas and Electric Company	3,441,912.22
Estimated new construction of the Pacific Gas and Electric Company for the years 1921-1922	3,150,000.00
TOTAL	<u>\$ 16,436,329.87</u>

The estimated capital expenditures of the two companies after October 31, 1921 aggregate \$13,827,136.11 and are distributed by them to the various departments as follows:-

Electric Department	\$11,320,515.84
Gas Department	1,619,219.29
Water Department	384,003.46
Railway Department	255,912.56
Steam Sales Department	27,505.60
Miscellaneous-all departments	<u>219,979.36</u>
TOTAL	<u>\$13,827,136.11</u>

Applicant proposes to finance a large portion of the reported capital expenditures of \$16,436,329.87 by the use of proceeds obtained or to be obtained from the sale of securities heretofore authorized to be issued and sold. It reports that it will receive, or has already received, the sum of \$9,926,248.31 from the sale of stock and bonds authorized to be issued by orders in decisions in applications numbers 4704; 5898; 6229; 6585; 6761; 7234; and 7356, and that on October 31, 1921, there was unsold \$1,327,700.00 of preferred stock authorized by the decision in Application Number 7234. Deducting the \$9,926,248.31 and the \$1,327,700.00 from the \$16,436,329.87 of expenditures, leaves a balance of \$5,182,381.56 to be paid for in part with proceeds obtained from the sale of the \$5,000,000.00 of stock herein applied for.

Applicant reports that it has received \$10,814.60 as accrued interest upon the sale of the \$10,000,000.00 of bonds sold pursuant to Decision Number 9788, dated November 21, 1921, in Application Number 7356. It asks permission to use this sum of \$10,814.60 for the payment of the first semi-annual installment of interest to become due on these bonds. Applicant will be authorized to use this money to finance capital expenditures and reimburse its treasury.

I herewith submit the following form of order:

 O R D E R

PACIFIC GAS AND ELECTRIC COMPANY having applied to the Railroad Commission for permission to issue stock and to expend proceeds obtained from the sale of its stock and bonds, a public hearing having been held and the Railroad Commission being of the opinion that the application should be granted and that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes specified in this order, and that the expenditures herein authorized are not in whole or in part reasonably charge-

able to operating expenses or to income.

IT IS HEREBY ORDERED as follows:-

- a-----PACIFIC GAS AND ELECTRIC COMPANY may issue and sell on or before December 31, 1922 at not less than \$85.00 per share net, 50,000 shares (\$5,000,000.00) of its first preferred 6 percent. cumulative stock and to use the proceeds to finance, in part, such cost of the additions, betterments and improvements described in exhibits filed in this proceeding as may be properly chargeable to capital account, as defined by the Classification of Accounts prescribed or adopted by the Railroad Commission and through such financing reimburse its treasury on account of income expended to pay for such additions, betterments and improvements.
- b-----The order in Decisions in Applications Numbers 4704; 5898; 6229; 6585; 6761; 7234; and 7356 are modified so as to permit applicant to use the remaining unexpended proceeds received or to be received from the sale of the stock and bonds authorized to be issued and sold under said orders to finance, in part, such cost of the additions, betterments and improvements described in exhibits filed in this proceeding as may properly be chargeable to capital account, as defined by the Classification of Accounts prescribed or adopted by the Railroad Commission, and through such financing reimburse its treasury on account of income expended to pay for such additions, betterments and improvements.
- c---Pacific Gas and Electric Company shall keep such record of the issue and sale of the stock herein authorized and of the expenditures 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 in so far as applicable, is made a part of this order.

d---The orders in Decisions in Applications Numbers 4704; 5898; 6229; 6585; 6761; 7234; and 7356 shall remain in full force and effect, except as modified by this order.

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 9th day of January, 1922.

H. B. ...

H. D. ...

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Commissioners.