

Decision No. ✓.

ORIGINAL

Decision No. 1756

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of )  
PACIFIC GAS AND ELECTRIC COMPANY for )  
an Order Authorizing the Issue and )  
Pledge of its General and Refunding )  
Mortgage Gold Bonds of the Face )  
Value of \$1,000,000.00. )  
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Application No. 1280.

C. P. Cutten for applicant

THEILEN, Commissioner.

O P I N I O N

This is an application for an order authorizing Pacific Gas and Electric Company to issue its general and refunding mortgage gold bonds of the face value of \$1,000,000.00, and to pledge the same for the purposes hereinafter specified.

On May 1, 1914, applicant was entitled, under its general and refunding mortgage, to the issue, as between applicant and the trustee thereunder, of its general and refunding mortgage gold bonds in the aggregate face value of \$1,908,193.00 in addition to all bonds heretofore authorized by this Commission. Applicant now asks authority to issue 1000 bonds of Series A, numbered M 30,431 to 31,430, inclusive, as collateral security for the purposes hereinafter specified, in lieu of the proceeds from the sale of a like amount of general and refunding mortgage gold bonds and preferred stock authorized by this Commission's Decision No. 1632, rendered on June 30, 1914, on Application No. 1188, for the reimbursement of capital expenditures. Applicant stipulates that during the time the bonds now to be issued are pledged, it will not reimburse its treasury out of the proceeds

of the bonds and preferred stock authorized to be issued in Decision No. 1632, in excess of \$3,586,661.00, this amount being \$1,000,000.00 less than the amount by which applicant was authorized to reimburse its treasury.

Applicant desires to issue said bonds of the face value of \$1,000,000.00 and to pledge the same to secure either corporate or individual sureties on two bonds which applicant desires to file in two suits now pending in the District Court of the United States for the Northern District of California. One of these suits, Pacific Gas and Electric Company vs. City and County of San Francisco, Equity No. 27, was brought to enjoin the enforcement of Ordinance No. 2348 of the Board of Supervisors of the City and County of San Francisco, establishing gas rates for the year ending June 30, 1914. The other suit, bearing the same title, but numbered Equity No. 32, was brought to enjoin the enforcement of Ordinance No. 2349 of the Board of Supervisors of the City and County of San Francisco, establishing electric rates for the same period. In each of these cases the District Court on July 20, 1914, made its order providing that applicant herein should file a bond in a specified amount conditioned upon the repayment to its customers of such amounts, if any, as applicant may ultimately be directed by the Court to pay in these suits. The amount of the bond in the first suit is \$325,000.00, and in the second suit \$375,000.00. The total of the two bonds is thus \$700,000.00. Applicant must protect the surety or sureties on these bonds and desires to pledge for this purpose the bonds as to which this Commission's authorization is now requested.

Under existing conditions, it is very much to the advantage of applicant to pledge these bonds instead of trying to sell them and using the proceeds as security, or of using current funds for this purpose. Applicant has shown that it is entitled to issue these bonds, as between itself and the trustee, and has agreed that when the bonds are returned to the treasury after their function as collateral has been fulfilled, the bonds will not again be issued without the prior authorization of this Commission.

I recommend that the application be granted and submit herewith the following form of order:

C R D E R

Pacific Gas and Electric Company having applied to the Railroad Commission of the State of California for an order authorizing the issue of its general and refunding mortgage gold bonds of the face value of \$1,000,000.00, for the purposes hereinafter specified, and a public hearing having been held on said application, and the Railroad Commission finding that the application should be granted,

IT IS HEREBY ORDERED that the Railroad Commission hereby authorizes the issue by Pacific Gas and Electric Company of \$1,000,000.00 face value of principal of its general and refunding mortgage gold bonds, being 1000 bonds of Series A, numbered M 30,431 to 31,430, inclusive, maturing on January 1, 1942, bearing interest at the rate of 5 per cent per annum, payable semiannually, under and in pursuance of the terms of the mortgage or deed of trust heretofore, on December 1, 1911, made and executed by said Pacific Gas and Electric Company to Bankers' Trust Company of New York, corporate trustee, and Frank B. Anderson of San Francisco, individual trustee, on the following conditions and not otherwise, to-wit:

1. Pacific Gas and Electric Company may issue said bonds only for the purpose of pledging the same to secure the surety, either corporate or individual, on the two bonds referred to in the opinion which precedes this order.

2. Pacific Gas and Electric Company shall, within ten days after the issue of any of the bonds hereby authorized, report to the Railroad Commission the fact and terms of the issue.

3. When any of the bonds, the issue whereof is herein authorized, are returned to the treasury of Pacific Gas and Electric Company, they shall not again be issued until the Railroad Commission's authorization therefor shall first have been secured

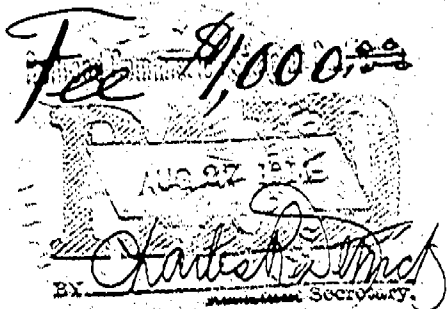
4. During the time the bonds herein authorized to be issued are outstanding, Pacific Gas and Electric Company shall not reimburse its treasury from the proceeds of the general and refunding mortgage gold bonds and the preferred stock authorized to be issued and sold, by the Railroad Commission's decision No. 1632, on June 30, 1914, in Application No. 1188, to an amount in excess of \$3,586,661.00.

5. This order shall not become effective until Pacific Gas and Electric Company has paid the fee specified in Section 57 of the Public Utilities Act, as amended.

6. The authority hereby given shall extend only to bonds issued on or before November 1, 1914.

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 27th day of August, 1914.



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Max Thele  
Edwin O. Edgerton

Commissioners.