

ORIGINAL

Decision No. 5974

Decision No. 1

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, a corporation, for an order of the Railroad Commission of the State of California authorizing applicant to use the proceeds from the sale of its first preferred stock and from the sale of its general and refunding mortgage gold bonds authorized to be issued and sold in Decision No. 3023 on applicant's amended Application No. 1994 for additions to and betterments of its property in accordance with its construction program contained in Exhibit "A" hereof.

First Supplemental Application No. 1994.

Charles P. Cutten for Applicant.

DEVLIN, Commissioner.

FIRST SUPPLEMENTAL OPINION.

In this supplemental application Pacific Gas and Electric Company asks authority to expend, for purposes hereinafter indicated, the proceeds obtained from the sale of first preferred stock and general and refunding mortgage bonds authorized to be issued by this Commission's Decision No. 3023, dated January 3, 1916.

The Commission's order found in said Decision No. 3023, dated January 3, 1916, in so far as it relates to the purposes for which applicant was authorized to issue said preferred stock and bonds, reads as follows:

- "(a) To reimburse its treasury for capital expenditures to August 31, 1915, in the sum of \$491,744.43.

"(b) To pay for the cost of extensions, additions and betterments to its plant, in accordance with Exhibit "A" attached to second supplemental application No. 1188, provided that none of the proceeds shall be used for new construction estimated at \$3,150,000 arising out of the development of the company's business and the additions of new consumers, until applicant herein shall have filed with this Commission a detailed statement of said expenditures, and provided further that none of the proceeds shall be applied to the construction of powerhouse No. 6 unless authorized by this Commission in a supplemental order."

A summary of Exhibit "A", to which reference has just been made, is found in said Decision No. 3023, dated January 3, 1916, and shows the following:

General Manager Construction Authorized - August 31, 1915:

Electric Department	\$617,036.83
Gas Department.	219,873.74
Water Department.	25,627.62
Railway Department.	39,850.01
Steam Sales Department.	2,119.24
Miscellaneous and All Departments	<u>129,656.98</u>

Total - excluding South Yuba. \$1,034,164.42

South Yuba Construction 3,672,453.80

General Manager Construction Authorized. \$4,706,618.22

Estimated New Construction, arising out of the development of the Company's business and the addition of new consumers:

Electric Department	\$1,500,000.00
Gas Department.	1,000,000.00
Water Department.	250,000.00
Railway Department.	250,000.00
Steam Sales Department.	25,000.00
Supply Department	25,000.00
All Departments and Miscellaneous	<u>100,000.00</u>

Total Estimated New Construction \$3,150,000.00

Total Capital Expenditures to be made. \$7,856,618.22

1916,

In a letter of December 4th/in regard to the estimated expenses on its South Yuba development, applicant reports as follows:

"The item 'South Yuba Construction Department' \$3,672,453.80 shown in Exhibit A in the first column headed 'Expenditures Authorized' includes an unexpended balance of \$1,410,976.48 for the construction of power houses 4, 5 and 6 on the South Yuba System, as per our General Manager's Authorization designated as H-1664 and that this authorization has been superseded by the item in Exhibit B 'South Yuba Construction Department' \$1,850,000, covered by our General Manager's Authorization designated as H-6272, and this is to advise specifically that no further expenditures are being, or will be, made against authorization H-1664 and that the unexpended balance of \$1,410,976.48 shown on Exhibit A may be regarded as definitely canceled providing the item in Exhibit B, \$1,850,000. is authorized by the Commission, in conformity with our application."

As indicated in its letter, applicant has submitted a revised Exhibit "A" showing the amount of expenditures authorized as of August 31, 1915, the expenditures incurred for the twelve months ending August 31, 1916 and the unexpended balance. These authorized expenditures together with the expenditures actually incurred during the year, as well as the amount yet to be expended, are shown in the following statement:

GENERAL MANAGER'S CONSTRUCTION AUTHORIZED:	Expenditures Authorized Aug.31,1915	Total Expenditures to Aug. 31,1916	Unexpended Balance
Electric Dept. (excluding South Yuba Const.Dept.)	\$ 617,036.83	\$ 464,111.04	\$ 152,925.79
Gas Department.	219,873.74	198,725.13	21,148.61
Water Department.	25,627.62	47,169.41	21,541.79*
Railway Department.	39,850.01	12,427.97	27,422.04
Steam Sales Department.	2,119.24	203.03	1,916.21
Miscellaneous and All Departments	<u>129,656.98</u>	<u>175,072.81</u>	<u>45,415.83*</u>
Total (excluding South Yuba).	\$1,034,164.42	\$ 897,709.39	\$ 136,455.03
South Yuba Construction Dept.	<u>2,261,477.32</u>	<u>2,109.51</u>	<u>2,259,367.81</u>
Total General Manager's Construction.	\$3,295,641.74	\$ 899,818.90	\$2,395,822.84
DEDUCT:			
Property Abandoned or Displaced on General Manager's	-	355,031.42	-
Net General Manager's Construction.	-	544,787.48	-

*Deficit.

	Expenditures Authorized Aug. 31, 1915	Total Expendi- tures to Aug. 31, 1916.	Unexpended Balance.
ESTIMATED NEW CONSTRUCTION:			
Electric Department	\$1,500,000.00	\$ 265,301.11	\$1,234,698.89
Gas Department.	1,000,000.00	351,253.79	648,746.21
Water Department.	250,000.00	64,530.51	185,469.49
Railway Department.	250,000.00	67,204.83	182,795.17
Steam Sales Department.	25,000.00	15,328.71	9,671.29
Supply Dept. and Miscellane- ous.	25,000.00	374.14*	25,374.14
All Departments	<u>100,000.00</u>	<u>114,856.10</u>	<u>14,856.10*</u>
TOTAL ESTIMATED NEW CON- STRUCTION.\$3,150,000.00	\$ 878,100.91	\$2,271,899.09
TOTAL EXPENDITURES AUTHOR- IZED	6,445,641.74	-	-
TOTAL EXPENDITURES MADE	-	1,422,888.39	-
TOTAL EXPENDITURES TO BE MADE	-	-	\$4,667,721.93

*Deficit.

In Exhibit "B" attached to this supplemental application, applicant reports the following:

<u>Department</u>	Expenditures Authorized	Expenditures to Aug. 31, 1916.	Unexpended Balance
Electric Department	\$ 547,181.39	\$ 65,014.31	\$ 482,167.08
Miscellaneous and all Departments	103,575.00	103,440.02	134.98
South Yuba Construction Department.	<u>1,850,000.00</u>	<u>818,535.81</u>	<u>1,031,464.19</u>
Total\$2,500,756.39	\$ 986,990.14	\$1,513,766.25

The authorized expenditures of the electric department, as reported in Exhibit "B", include \$68,181.39 for the construction of a new substation at South San Francisco; \$210,000.00 for raising Lake Spaulding dam from 225 feet to 260 feet; \$235,000.00 to construct canals and conduits necessary to return water used through Halsey and Wise power houses to the irrigation system near Newcastle; and \$34,000.00 to purchase land and clearing rights of way for spilling water from the Bear River Canal.

The expenditures reported under "Miscellaneous and All Departments" consist of \$72,425.02 paid for an office site in Oakland; \$5,015.00 for an office site in San Rafael; and \$26,000.00 for an office site and buildings in Berkeley.

Up to August 31, 1916, applicant reports its expenditures on the N. W. Halsey and James E. Wise power plants and on the James E. Wise transmission line, as per Exhibit "B", at \$818,535.81.

In Exhibit "C" attached to the supplemental application, applicant estimates that during 1916 and 1917 it will be called upon to expend \$50,000.00 on its Steam Sales Department and \$200,000.00 for "all departments and miscellaneous" purposes to provide for the development of the Company's business and the addition of new consumers.

In this supplemental petition applicant requests authority to reimburse its treasury in the sum of \$1,068,805.86 expended to and including August 31, 1916 from income for capital purposes, as hereinbefore indicated, and for such other sums as may be expended subsequent to August 31, 1916, pursuant to expenditures authorized as shown in Exhibits "A", "B", and "C" attached to this supplemental application.

I believe that applicant's request should be granted, and herewith submit the following form of order:

FIRST SUPPLEMENTAL ORDER.

PACIFIC GAS AND ELECTRIC COMPANY having applied to this Commission for authority to use the balance of the pro-

ceeds obtained from the sale of its first preferred stock and general and refunding mortgage bonds authorized to be issued by Decision No. 3023, dated January 3, 1916, for the purposes hereinbefore indicated, and a hearing having been held and it appearing that the purposes for which applicant desires to use the proceeds are not in whole or in part reasonably chargeable to operating expenses or income,

IT IS HEREBY ORDERED that Pacific Gas and Electric Company be and hereby is granted authority to use part of the proceeds from its issue of first preferred stock and general and refunding bonds authorized to be issued by Decision No. 3023, dated January 3, 1916, to reimburse its treasury in the sum of \$1,068,803.86 for expenditures made to and including August 31, 1916, for purposes indicated in the foregoing opinion.

IT IS HEREBY FURTHER ORDERED that Pacific Gas and Electric Company be and is hereby given authority to apply the balance of the proceeds obtained from the sale of its first preferred stock and its general and refunding mortgage bonds authorized to be issued by Decision No. 3023, dated January 3, 1916, to the payment of construction expenses incurred subsequent to August 31, 1916, for the purpose of carrying out its construction program, as indicated in Exhibits "A", "B" and "C" attached to this supplemental application.

The authority herein granted is granted upon the following conditions and not otherwise:

1. All expenditures incurred or reimbursements made pursuant to the authority granted in this decision shall be reported in accordance with the conditions of this Commission's General Order No. 24.

2. Decision No. 3023, dated January 3, 1916,
shall remain in full force and effect, except as the same
may be modified by this first supplemental opinion and
order.

The foregoing first supplemental opinion and order are
hereby approved and ordered filed as the first supplemental
opinion and order of the Railroad Commission of the State of
California.

Dated at San Francisco, California, this 4th day
of January, 1917.

Max Thelen

W. H. Reynolds

W. H. Anderson

Edwin C. Edgerton

Wm. R. Wilson

Commissioners.