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Decision No. 8175.

ORIGINAL

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 approving a cer-
tain agreement -dated April 15, 1920,
by and between PACIFIC GAS AND ELEC-
TRIC COMPANY, THE BANK OF CALIFORNIA,
NATIONAL ASSOCIATION and BLYTH, WITTEB
AND COMPANY, and authorizing the
issue of temporary certificates and
hypothecation and pledging of its
Registered General and Refunding Mort-
gage Gold Bonds or Bonds of the face
or par value of Fifteen Million Dollars
(\$15,000,000.00) pursuant to said
agreement.

Second Supplemental
Application
Number
5598

DEVLIN, Commissioner.

SECOND SUPPLEMENTAL OPINION.

By Decision No. 7452, dated April 21, 1920, and Decision
No. 7812, dated June 29, 1920, the Railroad Commission authorized
PACIFIC GAS AND ELECTRIC COMPANY to issue and sell at not less than
92-3/4 per cent of their face value plus accrued interest,
\$10,000,000.00 of temporary certificates to be exchanged for
\$10,000,000.00 of 5-year 7 per cent collateral trust convertible
gold notes.

The order of the Commission permits the company to use
\$5,200,959.59 of the proceeds from the temporary certificates or
gold notes to reimburse its treasury because of moneys expended for
plant extensions, additions and betterments and the acquisition of
properties, provided that after such reimbursement, the money is
used to pay for the construction of permanent extensions, additions

and betterments to the properties of Pacific Gas and Electric Company or advanced to Mt. Shasta Power Corporation for the acquisition or construction of hydroelectric power plants, transmission lines and properties appurtenant thereto. The remainder of the proceeds, the company may expend only for such purposes as the Railroad Commission will authorize.

Applicant reports that it has sold all the notes and that up to June 30, 1920, it had received on account of such sale the sum of \$8,705,515.00. Payment has not been received for \$614,000.00 face value of notes.

Applicant also reports that it has sold all, except \$183,400.00 par value of the stock which it is authorized to issue under Decision No. 6468, dated June 30, 1919, as amended, and that there was due it on June 30, 1920 for stock sold the sum of \$5,505.00.

Applicant further reports that from January 31, 1920 to June 30, 1920, it expended on account of the construction of plant extensions, additions and betterments the sum of \$2,837,615.06 and \$6,460.00 to acquire 190 shares of stock of Northern California Power Company, Consolidated, the purchase of which has been authorized by the Commission. The engineering department of the Commission has examined the plant expenditures and finds them to be reasonable. In Exhibit "D", attached to the supplemental petition, applicant reports the estimated cost of extensions, additions and betterments to its plants and properties at \$7,666,581.75.

Applicant asks permission to use \$2,876,211.06 of the proceeds from the sale of certificates of indebtedness or of 5-year notes to reimburse its treasury on account of expenditures from January 31, 1920 to June 30, 1920, against which this Commission has not authorized the issue of any stock, bonds or notes. The remainder of the proceeds, together with the proceeds from the sale of stock, to which reference has been made, it desires to use to pay the cost of constructing additions and betterments referred to in Exhibit "D". The Commission has not examined all of the construction estimates set forth in Exhibit "D", and therefore, the authority herein granted should not be interpreted as approving the entire construction program as therein

set forth.

I herewith submit the following form of Order:

SECOND SUPPLEMENTAL ORDER

PACIFIC GAS AND ELECTRIC COMPANY having applied to the Railroad Commission for permission to use the proceeds from the sale of temporary certificates convertible into 5-year 7 per cent collateral trust convertible gold notes, or the proceeds from the sale of such notes and from the sale of preferred stock, to which reference has been made in the foregoing opinion and having asked the Commission to modify its former orders, and the Commission being of the opinion that applicant's request should be granted subject to the conditions of this order;

IT IS HEREBY ORDERED, that the order in Decision No. 7452, dated April 21, 1920, as modified by the order in Decision No. 7812, dated June 29, 1920, be, and it is hereby, amended so as to permit PACIFIC GAS AND ELECTRIC COMPANY to use \$2,876,211.06 of the proceeds obtained from the sale of temporary certificates or 5-year 7 per cent collateral trust convertible gold notes to reimburse its treasury because of moneys expended for extensions, additions and betterments and the acquisition of properties from January 31, 1920 to June 30, 1920, provided that after such reimbursement the money be used to pay for the construction of permanent extensions, additions and betterments to the properties of Pacific Gas and Electric Company or advanced to Mt. Shasta Power Corporation for the acquisition or construction of hydroelectric power plants, transmission lines and properties appurtenant thereto.

IT IS HEREBY FURTHER ORDERED, that the order in Decision No. 7452, dated April 21, 1920, as amended by Decision No. 7812, dated June 29, 1920, be, and it is hereby, modified so as to permit PACIFIC

GAS AND ELECTRIC COMPANY to use the proceeds from the sale of its \$10,000,000.00 of temporary certificates or 5-year 7 per cent collateral trust convertible gold notes in excess of \$8,077,170.56 to pay in part the cost of constructing the extensions, additions and betterments referred to in Exhibit "D" attached to the supplemental petition in Application No. 5598.

IT IS HEREBY FURTHER ORDERED, that the order in Decision No. 6468, dated June 30, 1919, as amended, be, and it is hereby, modified so as to permit PACIFIC GAS AND ELECTRIC COMPANY to use the proceeds from the sale of \$183,400.00 par value of preferred stock together with \$5,505.00 due on subscriptions for preferred stock, to pay in part for the construction of the extensions, additions and betterments referred to in Exhibit "D" attached to the supplemental petition in Application No. 5598.

IT IS HEREBY FURTHER ORDERED, that the order in Decision No. 7452, dated April 21, 1920, as amended, and the order in Decision No. 6468, dated June 30, 1919, as amended, shall remain in full force and effect, except as modified by this Second Supplemental Order.

The foregoing Second Supplemental Opinion and Second Supplemental Order are hereby approved and ordered filed as the Second Supplemental Opinion and Second Supplemental Order of the Railroad Commission of the State of California.

October
~~September~~, 1920. Dated at San Francisco, California, this 10th day of

Edwin O. Edgerton
A. D. Loveland
Frank H. Brown
J. B. Prudig

Commissioners.