

ORIGINAL

Decision No. 8446.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
PACIFIC GAS AND ELECTRIC COMPANY,)
a corporation, and MT. SHASTA POWER)
CORPORATION, a corporation, for an)
order of the Railroad Commission of)
the State of California, authorizing)
the execution of a mortgage and the)
issuance of bonds.)

Application No. 6387

William B. Bosley and C.P. Cutten, for applicants.

EDGERTON, Commissioner.

O P I N I O N.

PACIFIC GAS AND ELECTRIC COMPANY asks authority to issue and sell at 93-1/2 per cent of their face value plus accrued interest \$10,000,000.00 of 7 per cent 20-year bonds under and in accordance with the provisions of the agreement filed in this proceeding and marked Exhibit "C". Pending the delivery of permanent bonds, the company intends to issue interim certificates in lieu of the bonds.

Pacific Gas and Electric Company owns all of the outstanding stock, except shares necessary to qualify directors, of Mt. Shasta Power Corporation. This company has undertaken and is engaged in constructing hydroelectric plants on the Pitt River and its tributaries, utilizing the waters thereof. Permission to construct hydroelectric plants was granted by the Commission in Decision No. 8212, dated October 6, 1920.

It is estimated that during 1921 and 1922 Mt. Shasta Power Corporation and Pacific Gas and Electric Company will have to

spend more than \$20,000,000.00 for new plants and for additions and betterments to their properties. A.F. Hockenbeamer, vice presidents of the Pacific Gas and Electric Company, reported that the company at this time had two forms of securities to finance new construction, -that is, its 6 per cent first preferred stock and its 5 per cent general and refunding bonds. Because of present market conditions, the 5 per cent bonds must be offered at so large a discount as to make the sale of this form of security inadvisable. It has been concluded by applicants to provide for a new form of security, to be issued under a mortgage that shall constitute a direct lien on all the property of Pacific Gas and Electric Company now owned or hereafter acquired, subject to present outstanding bonds and a direct lien on the properties of Mt. Shasta Power Corporation. Applicants have not submitted a copy of the proposed mortgage and suggest that the authority to issue the bonds shall not become effective until the Commission by supplemental order has authorized the execution of the mortgage. The order will contain a condition to that effect and a further condition that none of the moneys obtained from the sale of the bonds or interim certificates be expended except as authorized by the Commission in a supplemental order or orders.

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 and sell \$10,000,000.00 of 7 per cent 20-year bonds, a public hearing having been held and the Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by PACIFIC GAS AND ELECTRIC COMPANY and MT. SEASTA POWER CORPORATION, and that the purposes for which applicants intend to use the proceeds

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 is hereby, authorized to issue and sell at 93-1/2 per cent of their face value, plus accrued interest, \$10,000,000.00 of 7 per cent 20-year bonds, or interim certificates of a like amount, under and in accordance with the provisions of the agreement filed in this proceeding and marked Exhibit "C".

The authority herein granted is subject to the following conditions:

- 1.--The authority herein granted to issue bonds shall not become effective until the Commission has by supplemental order authorized the execution of a mortgage or deed of trust securing the payment of the bonds.
- 2.--The proceeds obtained from the sale of the bonds or interim certificates shall be used for the purpose of acquiring and paying for additional property and for the construction of additions and betterments to the properties of Pacific Gas and Electric Company and Mt. Shasta Power Corporation, provided however, that the proceeds be expended only as authorized by the Commission in a supplemental order or orders.
- 3.--Pacific Gas and Electric Company shall keep such record of the issue and sale of the bonds or interim certificates 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, in so far as applicable, is made a part of this order.

4.--The authority herein granted will not become effective until Pacific Gas and Electric Company has paid the fee prescribed in the Public Utilities Act.

5.--The authority herein granted will apply only to such bonds, or interim certificates, as may be issued and sold on or before June 30, 1921.

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 20th day of December, 1920.

State of California
Fee \$5500⁰⁰/₁₀₀
DEC 21 1920
H. M. ...

Edwin C. Edgerton
H. D. ...
H. B. ...
Quincy Martin
Commissioners.