

Decision No. 8802

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 par value of \$3,000,000.)
and to use the proceeds from the sale)
of said first preferred stock in the)
manner and for the purpose described)
herein.)

Application Number 6585

ORIGINAL

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

DEVILIN, COMMISSIONER.

C O P I N I O N.

PACIFIC GAS AND ELECTRIC COMPANY asks permission to issue and sell at not less than \$80.00 per share, 30,000 shares (\$3,000,000.00) of its first preferred 6% stock and to use the proceeds to pay in part the cost of constructing additions, betterments and improvements to its facilities, set forth in its Exhibits "C" and "D" filed in this proceeding.

Applicant also asks permission to use the proceeds from the sale of stock, the issue and sale of which the Commission has authorized in former decisions, to reimburse its treasury in the sum of \$1,136,709.96, and to pay in part the cost of constructing the additions, betterments and improvements to its facilities, set forth in its Exhibits "C" and "D" filed in this proceeding.

Applicant reports that as of November 30, 1920 it had expended the sum of \$1,136,709.96, which the Commission has not authorized to be paid from the proceeds of stock or bonds.

In Exhibit "C" applicant reports "General Manager's authorizations unexpended balances as of November 30, 1920" as follows-

Electric Department	\$2,674,326.54
Gas Department	729,379.76
Water Department (Collection)	3,142.15
Water Department (Pumping)	96,456.71
Railway Department	29,521.71
Steam Sales Department	3,289.50
Supply Department	3,980.45
Miscellaneous and all departments	12,017.01
TOTAL	\$3,552,113.83

In Exhibit "D" applicant reports the estimated cost of new construction arising out of the development of its business and the addition of new consumers during the year 1921, at \$3,150,000.00. This amount applicant segregates to its various departments as follows;-

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	100,000.00
TOTAL	\$3,150,000.00

The aggregate of the unreimbursed expenditures (\$1,136,709.96), of the expenditures reported in Exhibit "C" (\$3,552,113.83) and the expenditures reported in Exhibit "D" (\$3,150,000.00) amounts to \$7,838,823.79. The Commission has not been furnished with detailed information as to all of these expenditures. As to some of the expenditures, applicant reports that it cannot at this time furnish such information, for the reason that it does not know either the location or character of all new construction made necessary by the development of its business or the addition of new consumers during 1921.

The order herein will therefore provide that only such portion of the proposed actual and estimated expenditures of . . . \$7,838,823.79 may be paid out of the proceeds from the sale of stock as is properly chargeable to capital accounts, as such accounts are defined by the Classification of Accounts prescribed or adopted by the Railroad Commission.

Applicant reports that from November 30, 1920 to February 12, 1921, it received from the sale of stock which the Commission authorized to be issued, the sum of \$2,648,852.12 and that unpaid subscriptions for first preferred stock on February 12, 1921 amounted to \$526,395.58, making a total of \$3,175,247.70. In addition, applicant reports that on February 12, 1921 it had unsold 3,710 shares (\$371,000.00) of its first preferred stock, the issue of which the Commission has heretofore authorized.

In this application, applicant asks permission to issue and sell 30,000 shares (\$3,000,000.00) of its first preferred stock. Assuming that applicant will sell the \$3,371,000.00 of stock at 80, it will realize from such sale, \$2,696,800.00, which, added to the \$3,175,247.70 mentioned above, makes a total of \$5,872,047.70.

As shown on a preceding page, applicant's actual and estimated expenditures which the Commission has heretofore authorized to be paid through the sale of stock or bonds, amounts to \$7,838,823.79; an amount considerable in excess of the actual or estimated proceeds which applicant will receive from the sale of stock, the issue of which the Commission has heretofore authorized, or the issue of which is authorized in this decision.

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 \$3,000,000.00 of its first preferred 6% stock, a public hearing having been held, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue, is reason-

ably required for the purpose or purposes specified in this order, and that the expenditures herein authorized 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 not less than \$80. per share, 30,000 shares (\$3,000,000.00) of its first preferred 6% stock, and use the proceeds to pay in part such cost of the additions, betterments and improvements set forth in Exhibits "C" and "D" 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;

IT IS HEREBY FURTHER ORDERED that Decision Number 6468, as amended, Decision Number 7874, as amended, and Decision Number 8315, be, and they are hereby, modified so as to permit Pacific Gas and Electric Company to use \$1,136,709.96 of the proceeds obtained from the sale of stock, the issue of which is authorized by said decisions to reimburse its treasury, and to use the remainder of the proceeds received from the sale of stock, the issue of which is authorized by said decisions, and referred to in this application, to pay in part the cost of the additions, betterments and improvements set forth in Exhibits "C" and "D" 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;

IT IS HEREBY FURTHER ORDERED that Decision Number 6468, as amended, Decision Number 7874, as amended, and Decision 8315, shall remain in full force and effect, except as modified by this Order.

The authority herein granted is subject to further conditions as follows:-

1. PACIFIC GAS AND ELECTRIC COMPANY shall keep such record of the issue and sale of the \$3,000,000.00 of stock herein authorized to be issued and of the disposi-

tion 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.

2. The authority herein granted will apply only to such stock as may be issued, sold and delivered on or before December 15, 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 28th day of March, 1921.

Frank R. DeWitt

H. B. Loveland

Erving Masten

Charles H. Brown

Commissioners.