

HS

ORIGINAL

Decision No. 8963 .

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

-----

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 issue and sell \$1,000,000.00 face )  
 value of its first and refunding )  
 mortgage 7 per cent twenty-year gold )  
 bonds of Series "A" and to use the )  
 proceeds for the purposes set forth in )  
 this petition. )

Application  
Number  
8761

-----

Wm. B. Bosley and C.P. Cutten, by C.P. Cutten,  
 for applicant.

MARTIN, Commissioner;

O P I N I O N .

PACIFIC GAS AND ELECTRIC COMPANY asks permission to issue and sell at not less than 93½ per cent of face value and accrued interest, \$1,000,000.00 of its first and refunding mortgage 7 per cent 20-year bonds of Series "A", due December 1, 1940, and use \$561,753.00 of the proceeds to reimburse the cost of purchasing \$720,000.00 of its general and refunding mortgage bonds and the remainder of the proceeds to purchase additional underlying bonds. Applicant also asks permission to deposit the \$720,000.00 of general and refunding bonds and any additional underlying bonds with the authenticating trustee under its first and refunding mortgage.

The Railroad Commission, on March 10, 1921, by its Decision No. 8724, authorized Pacific Gas and Electric Company to execute a first and refunding mortgage to secure the payment of an

issue of \$150,000,000.00 of bonds. The mortgage provides for the certification of bonds to retire, refund or discharge at or before maturity, any or all applicant's underlying bonds. As of December 31, 1920, the company reports \$95,758,600 of underlying bonds outstanding in the hands of the public, \$36,542,000.00, of which consists of general and refunding mortgage 5 per cent bonds, due January 1, 1942.

The testimony of Mr. A.F. Hockenbeamer, applicant's vice-president and treasurer, shows that there have been purchased on applicant's account in the open market, \$720,000.00 of its general and refunding mortgage bonds at a cost, excluding accrued interest, of \$561,753.00.

Applicant now asks to issue, at 93½, \$1,000,000.00 of first and refunding mortgage bonds. It intends to sell forthwith \$720,000.00 of its first and refunding bonds at 93½ and accrued interest. Of the proceeds it will use \$561,753.00 to reimburse itself for moneys expended in purchasing the \$720,000.00 of general and refunding bonds. Applicant asks permission to use the remainder of the proceeds, \$111,447.00 and the proceeds from the \$280,000.00 of bonds which it intends to sell at a later date, to acquire additional underlying bonds or notes. This may be done only, if the underlying bonds or notes can be acquired at a price which will not result in an increase in the effective interest rate paid by applicant.

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 \$1,000,000.00 of bonds, 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 the issue and sale of the bonds herein authorized is reasonably required for the purposes specified herein, 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 for cash, at not less than 93-1/2 per cent of face value and accrued interest, \$1,000,000.00 of its first and refunding mortgage 7 per cent 20-year bonds of Series "A" due December 1, 1940.

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

1.--Of the proceeds realized from the sale of said \$1,000,000.00 of bonds \$561,755.00 may be used by applicant to reimburse itself for money expended to acquire \$720,000.00 of its general and refunding bonds, which shall be deposited with the authenticating trustee under applicant's first and refunding mortgage.

2.--The remainder of the proceeds realized from the sale of said \$1,000,000.00 of bonds may be used by applicant to acquire additional underlying bonds or notes provided such underlying bonds or notes can be acquired at a price which will not increase applicant's effective interest rates or payments, and that all of said underlying bonds or notes be deposited with the proper trustees under applicant's mortgages or cancelled. If applicant is unable to acquire underlying bonds or notes in compliance with this order, the Commission will by supplemental order upon a proper showing having been made authorize applicant to expend the remainder of the proceeds for some other purpose or purposes.

3.--The authority herein granted will not become effective until applicant has paid the fee prescribed in the Public Utilities Act, and will apply only to such bonds as may be issued, sold and delivered on or before December 31, 1921.

4.--Pacific Gas and Electric Company shall keep such record of the issue and sale of the bonds 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.

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 12<sup>th</sup> day of May, 1921.

H. A. Anderson  
H. H. Loveland  
James Martin  
Charles H. Howell  
W. P. Bennett

Commissioners.

