

ORIGINAL

Decision No. 967

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application  
of PACIFIC GAS & ELECTRIC COMPANY  
for authority to issue collateral  
trust notes designated as "Six Per  
Cent Gold Notes" in the sum of  
\$7,000,000.00; to execute a trust  
agreement to secure the same; to  
pledge its general lien bonds to  
the par value of \$5,000,000.00 and  
its general and refunding mortgage  
gold bonds to the par value of  
\$5,000,000.00 as collateral secur-  
ity for said gold notes; and to  
discharge and refund demand notes  
in the sum of \$4,500,000.00.

Application No. 746.

210-1525  
552-2673  
603-736

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

LOVELAND, Commissioner.

O P I N I O N

This is an application by Pacific Gas & Electric Com-  
pany asking that this Commission issue an Order as follows:-

- (1) Authorizing it to issue collateral trust notes, de-  
signed as six per cent gold notes, to the amount of \$7,000,000.,  
and to use \$4,500,000.00 of the amount thereof for discharging and  
refunding its demand promissory notes of an equal aggregate face  
amount, and to sell the balance of its said six per cent gold notes  
under the terms of a trust agreement between Pacific Gas & Electric  
Company and F. N. B. Close, of New Jersey, as trustee, a copy of  
which has been filed with this Commission in connection with the  
application herein and marked Exhibit "D".
- (2) Authorizing it to execute to F. N. B. Close, of New  
Jersey, as trustee, said trust agreement.
- (3) Authorizing it to pledge, as provided in said trust  
agreement, its six per cent convertible general lien bonds to the  
par value of \$5,000,000.00 as collateral security for said six per

cent gold notes, being the same bonds now pledged as security for said demand notes.

(4) Authorizing it to pledge, as provided in said trust agreement, its general and refunding mortgage gold bonds of the par value of \$5,000,000.00 as collateral security for said six per cent gold notes, being the bonds authorized to be pledged by order of the Railroad Commission upon Application No. 676, of which \$3,200,000.00 are bonds now pledged or about to be pledged as security for said demand notes.

(5) Authorizing it to use the proceeds from the sale of said six per cent gold notes to the aggregate face amount of \$2,500,000.00 for the acquisition of property and for the construction, completion, extension and improvement of its facilities, as specified in a statement marked Exhibit "B" attached to Application No. 552; to discharge and refund obligations incurred subsequent to May 31, 1913 for the acquisition of any of said property; and to reimburse applicant's treasury for money expended from income for the acquisition of property to the extent heretofore authorized under orders of this Commission heretofore made on Applications Nos. 552, 603 and 676.

The matters herein presented have been placed before this Commission fully in connection with Applications Nos. 552, 603 and 676.

It is proposed now to complete the financing submitted and approved by the Commission in connection with the previous applications mentioned.

The proceeds to be derived from the sale of the six per cent gold notes are to be used as directed by this Commission in its orders upon Applications Nos. 552, 603 and 676. These purposes involve a program of extensive construction work in connection with the Bear River and South Yuba development, transmission and

service extensions and certain moneys for the reimbursement of applicant's treasury.

In its decision upon Application No. 676, this Commission authorized Pacific Gas & Electric Company to issue its demand notes in the sum of \$4,500,000.00 for these purposes. Notes in the sum of \$4,000,000.00 have now been issued under this authorization. Another note in the sum of \$500,000.00 will be issued. It is now proposed by the applicant herein to refund this indebtedness in the sum of \$4,500,000.00 by issuing its gold notes.

Applicant asked for authority, further, to issue, if such be necessary, an additional \$2,500,000.00 of its six per cent gold notes, making a total of \$7,000,000.00 of said six per cent gold notes.

Applicant presented testimony to the effect that the balance of \$2,500,000.00 of its six per cent gold notes would not be issued if, in the meanwhile, applicant disposed of bonds to take care of this part of its proposed financing.

Applicant's proposed issue of \$7,000,000.00 of six per cent gold notes will be secured by a trust agreement bearing date of July 1, 1913 executed between Pacific Gas & Electric Company and F. N. B. Close, of New Jersey, as trustee. The six per cent gold notes issued under this agreement mature on June 25, 1914.

The matter herein presented to the Commission involves the completion of the financing which the Commission has in its previous orders, above referred to, sanctioned and authorized.

I, therefore, recommend that the application be granted and submit the following form of Order:-

#### ORDER

Pacific Gas & Electric Company having applied to this Commission for an Order:

(1) Authorizing it to issue collateral trust notes, de-

signed as six per cent gold notes, to the amount of \$7,000,000., and to use \$4,500,000.00 of the amount thereof for discharging and refunding its demand promissory notes of an equal aggregate face amount, and to sell the balance of its said six per cent gold notes under the terms of a trust agreement between Pacific Gas & Electric Company and F. N. B. Close, of New Jersey, as trustee, a copy of which has been filed with this Commission in connection with the application herein and marked Exhibit "D";

(2) Authorizing it to execute to F. N. B. Close, of New Jersey, as trustee, said trust agreement;

(3) Authorizing it to pledge, as provided in said trust agreement, its six per cent convertible general lien bonds to the par value of \$5,000,000.00 as collateral security for said six per cent gold notes, being the same bonds now pledged as security for said demand notes;

(4) Authorizing it to pledge, as provided in said trust agreement, its general and refunding mortgage gold bonds of the par value of \$5,000,000.00 as collateral security for said six per cent gold notes, being the bonds authorized to be pledged by order of the Railroad Commission upon Application No. 676, of which \$3,200,000.00 are bonds now pledged or about to be pledged as security for said demand notes;

(5) Authorizing it to use the proceeds from the sale of said six per cent gold notes to the aggregate face amount of \$2,500,000.00 for the acquisition of property and for the construction, completion, extension and improvement of its facilities, as specified in a statement marked Exhibit "B" attached to Application No. 552; to discharge and refund obligations incurred subsequent to May 31, 1913 for the acquisition of any of said property; and to reimburse applicant's treasury for money expended from income for the acquisition of property to the extent heretofore authorized under orders of this Commission heretofore made on Appli-

cations Nos. 552, 603 and 676;

And this Commission having found, in previous orders upon Applications Nos. 552, 603 and 676 by said Pacific Gas & Electric Company, that the purposes for which it is now proposed to use the proceeds from the sale of said six per cent gold notes are proper under the provisions of the Public Utilities Act and not, in whole or in part, chargeable to operating expenses or to income;

IT IS HEREBY ORDERED: That Pacific Gas & Electric Company be given authority, and it is hereby given authority, as follows:-

(1) To issue collateral trust notes, designated as six per cent gold notes, to the amount of \$7,000,000.00, and to use \$4,500,000.00 of the amount thereof for discharging and refunding its demand promissory notes of an equal aggregate face amount, and to sell the balance of its said six per cent gold notes under the terms of a trust agreement between Pacific Gas & Electric Company and F. K. B. Close, of New Jersey, as trustee, a copy of which has been filed with this Commission in connection with the application herein and marked Exhibit "D";

(2) To execute to F. K. B. Close, of New Jersey, as trustee, said trust agreement;

(3) To pledge, as provided in said trust agreement, its six per cent convertible general lien bonds to the par value of \$5,000,000.00 as collateral security for said six per cent gold notes, being the same bonds now pledged as security for said demand notes;

(4) To pledge, as provided in said trust agreement, its general and refunding mortgage gold bonds of the par value of \$5,000,000.00 as collateral security for said six per cent gold notes, being the bonds authorized to be pledged by order of the Railroad Commission upon Application No. 676, of which \$3,200,000.00

are bonds now pledged or about to be pledged as security for said demand notes;

(5) To use the proceeds from the sale of said six per cent gold notes to the aggregate face amount of \$2,500,000.00 for the acquisition of property and for the construction, completion, extension and improvement of its facilities, as specified in a statement marked Exhibit "B" attached to Application No. 552; to discharge and refund obligations incurred subsequent to May 31, 1913 for the acquisition of any of said property; and to reimburse applicant's treasury for money expended from income for the acquisition of property to the extent heretofore authorized under orders of this Commission heretofore made on Applications Nos. 552, 603 and 676.

Pacific Gas & Electric Company is hereby given authority to issue said six per cent gold notes and said \$5,000,000.00 general lien six per cent bonds and said \$5,000,000.00 general and refunding 5% bonds upon the following conditions and not otherwise:-

(1) The proceeds from the sale of said six per cent gold notes shall be used for the following purposes and not otherwise:-

(a) For the discharge of the following demand notes:-

Bankers Trust Company...August 20, 1913...	\$ 2,000,000.00
Bankers Trust Company...August 20, 1913...	1,250,000.00
Bankers Trust Company...Sept. 5, 1913...	750,000.00
Bankers Trust Company...	
(Note to be issued)....Sept. 26, 1913...	500,000.00
Total.....	\$ 4,500,000.00

(b) The balance of said \$7,000,000.00 of gold notes shall be used only for purposes specified in this Commission's order upon Applications Nos. 552 and 603.

(2) The authority hereby given to Pacific Gas & Electric Company to issue said \$5,000,000.00 general lien six per cent bonds shall include only bonds numbered from 1 to 5,000, both inclusive.

(3) The authority hereby given to Pacific Gas & Electric Company to pledge said \$5,000,000.00 of five per cent general and refunding mortgage bonds shall apply solely to bonds numbered from M 25431 to M 30430, both inclusive.

(4) Pacific Gas & Electric Company shall file monthly reports with this Commission stating the amount of six per cent collateral trust notes which have been issued under the authorization herein given. Such reports shall be filed on or before the twenty-fifth day of each month covering such sale or sales of said gold notes during the month previous.

(5) Pacific Gas & Electric Company shall present to this Commission, not later than May 1, 1914, a financial plan under which it shall arrange for the payment or refunding of the \$7,000,000.00 of six per cent gold notes herein authorized or such part thereof as may have been issued.

(6) Pacific Gas & Electric Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale of said bonds <sup>and notes</sup> hereby authorized to be issued, and on or before the twenty-fifth day of each month the company shall make a verified report to the Commission in accordance with the Commission's General Order No. 24, stating the sale or disposition of such bonds <sup>and notes</sup> during the preceding month, the terms and conditions of such sale or other disposition, the moneys realized therefrom and the use and application of such moneys.

(7) The authority herein given to Pacific Gas & Electric Company to issue said six per cent gold notes and to pledge \$5,000,000.00 of its general lien bonds and \$5,000,000.00 of its general and refunding bonds as collateral security therefor, and to execute said trust agreement with F. K. B. Close, of New Jersey, as trustee, shall apply to such gold notes and to such general lien six per cent bonds, and to such general and refunding bonds

as shall have been issued or pledged on or before April 30, 1914.

(8) The payment of the ~~minimum~~ fee prescribed in section 57 of the Public Utilities Act shall be a condition precedent to the effectiveness 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 24th day of September, 1913.

W. Loveland  
W. D. ...  
Edwin O. ...

Commissioners.

Railroad Commission State of California  
\$4000.00  
SEP 25 1913  
BY W. G. ...  
Assistant Secretary.