

Decision No. 27837

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 \$45,000,000.00 face
amount of its First and Refunding
Mortgage bonds, Series G, 4%, due
December 1, 1964, and to use the
proceeds for the purposes specified
in this petition.)

ORIGINAL

Application No. 19876

Wm. B. Bosley, C. P. Cutten and R. W. DuVal,
for applicant.

BY THE COMMISSION:

O P I N I O N

The Commission is asked to authorize Pacific Gas and Electric Company to issue and sell at not less than 95% of their face value and accrued interest \$45,000,000.00 of 4% first and refunding mortgage bonds of Series "G" due December 1, 1964, and use the proceeds to pay in part the cost of redeeming \$44,836,000.00 of 5½% first and refunding mortgage bonds of Series "C", and reimburse its treasury.

Applicant during 1923 and 1924 issued under authority granted by the Commission \$45,000,000.00 of 5½% first and refunding mortgage bonds of Series "C" due December 1, 1952. Of these bonds \$10,000,000.00 were sold in February, 1923, at 95 and accrued interest; \$10,000,000.00 in September, 1923, at 92 and accrued interest; \$12,500,000.00 in May, 1924, at 92½ and accrued interest; and \$12,500,000.00 in September, 1924, at 94½ and accrued interest.

Of the \$45,000,000.00 of Series "C" bonds, \$164,000.00 have been redeemed and cancelled, \$200,000.00 have been reacquired and are held in the company's treasury, and \$44,636,000.00 are outstanding in the hands of the public. The Series "C" $5\frac{1}{2}\%$ bonds are redeemable at 105 and accrued interest on any semi-annual interest payment date. The company, if it is able to sell the \$45,000,000.00 of Series "G" bonds, on or before April 1, 1935, will redeem its Series "C" $5\frac{1}{2}\%$ bonds on June 1, 1935.

To provide itself with part of the money necessary to redeem the Series "C" $5\frac{1}{2}\%$ bonds, applicant asks permission to issue and sell \$45,000,000.00 of 4% Series "G" bonds. The Series "G" bonds, except such as are fully registered, will be dated December 1, 1934, mature December 1, 1964, bear interest at the rate of 4% per annum, payable semi-annually on June 1 and December 1, be redeemable at applicant's option, in whole or in part, on sixty days' prior published notice, on any first day of June or first day of December, at par and accrued interest, plus a premium of 10% on the principal sum specified therein, if redeemed on or prior to December 1, 1944, plus a premium of 5% on the principal sum specified therein, if redeemed after December 1, 1944 and on or before December 1, 1954, plus a premium of $2\frac{1}{2}\%$ on the principal sum specified therein, if redeemed after December 1, 1954 and on or before December 1, 1959, and thereafter at par and accrued interest.

Applicant asks permission to use the proceeds, exclusive of accrued interest, from the sale of \$44,836,000.00 of said Series "G" bonds to pay in part the cost of redeeming a like face amount of its Series "C" $5\frac{1}{2}\%$ bonds, and use the proceeds, exclusive of accrued interest, from the sale of \$164,000.00 of said Series "G" bonds to reimburse its treasury on account of capital expenditures to and including September 30, 1934, as shown in Exhibit "B" of applicant's

Application No. 19788. The proceeds from the said \$164,000.00 of bonds may be used to pay for such capital expenditures as are properly chargeable to investment or fixed capital accounts under the System of Accounts prescribed by this Commission.

It is of record that applicant cannot at this time inform the Commission of the expenses incident to the issue of the \$45,000,000.00 of Series "G" bonds. We believe that on or before August 31, 1935 applicant should file with the Commission a statement showing in detail the expenses incurred by it because of the issue of said \$45,000,000.00 of bonds.

O R D E R

Pacific Gas and Electric Company having asked permission to issue and sell \$45,000,000.00 face amount of its first and refunding mortgage bonds, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of such bonds is reasonably required for the purposes herein specified and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income, and that this application should be granted, as herein provided, therefore,

IT IS HEREBY ORDERED as follows:-

1. Pacific Gas and Electric Company may issue and sell on or before July 1, 1935 at not less than 95% of their face value plus accrued interest, \$45,000,000.00 face amount of its first and refunding mortgage bonds of Series "G", to mature December 1, 1964, to bear interest at the rate of 4% per annum payable semi-annually on June 1, and December 1, to be redeemable, at applicant's option in whole or in part on 60 days prior published notice, on

any first day of June or first day of December, at par, and accrued interest plus a premium of 10% on the principal sum specified therein, if redeemed on or prior to December 1, 1944, plus a premium of 5% on the principal sum specified therein, if redeemed after December 1, 1944 and on or before December 1, 1954, plus a premium of 2½% on the principal sum specified therein, if redeemed after December 1, 1954 and on or before December 1, 1959, and thereafter at par and accrued interest, upon the terms and conditions set forth in said first and refunding mortgage dated December 1, 1920, with respect to the redemption of bonds of Series "A", to be executed and authenticated under and in accordance with the provisions of said first and refunding mortgage and the supplemental indenture thereto; all of said bonds, except fully registered bonds, to bear date December 1, 1934.

2. Pacific Gas and Electric Company shall use the proceeds, exclusive of accrued interest, to be derived through the issue and sale of \$44,836,000.00 face amount of said first and refunding mortgage bonds of Series "G" to pay in part the cost of redeeming a like face amount of its first and refunding mortgage 5½% gold bonds of Series "C", and shall use the proceeds, exclusive of accrued interest, to be derived through the issue and sale of \$164,000.00 face amount of said first and refunding mortgage bonds of Series "G" for the reimbursement of its treasury, on account of capital expenditures to and including September 30, 1934, as shown in Exhibit "B" filed in Application No. 19788, provided that such proceeds may be used to pay only such expenditures as are properly chargeable to fixed

capital accounts under the System of Accounts prescribed by the Commission. The accrued interest may be used for general corporate purposes.

3. Pacific Gas and Electric Company may, pending the preparation and delivery of definitive bonds, execute, authenticate and deliver in lieu of such definitive bonds, temporary bonds, such temporary bonds to be issued and sold under the same terms and conditions as applicant is herein authorized to issue and sell its Series "G" bonds.
4. Pacific Gas and Electric Company shall on or before August 31, 1935 file with the Railroad Commission a statement showing in detail the expenses incurred by it because of the issue and sale of said \$45,000,000.00 of Series "G" bonds.
5. If Pacific Gas and Electric Company issues and sells the said \$45,000,000.00 of Series "G" bonds, it shall file with the Commission within thirty (30) days after the sale of said bonds (a) a copy of the prospectus under which said bonds are being distributed by the underwriters and (b) a copy of the contract between said Pacific Gas and Electric Company and the said underwriters.
6. Pacific Gas and Electric Company shall keep such record of the issue of the bonds herein authorized and of the disposition of the proceeds as will enable it to file within thirty (30) days thereafter, a report, as required by the Railroad Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.
7. The authority herein granted will become effective when Pacific Gas and Electric Company has paid the fee prescribed by

Section 57 of the Public Utilities Act, which fee is
One Hundred and Sixty-four (\$164.00) Dollars.

DATED at San Francisco, California, this 22nd day of
March, 1935.

W. P. Carr

M. B. Harris

Frank R. Harris

Commissioners.

Dec. 11577	# 10,000,000-
" 12619	10,000,000-
" 13417	12,500,000-
" 12450	12,500,000-
	<u>\$ 45,000,000-</u>

