

Decision No. 28939

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SAN JOAQUIN LIGHT & POWER CORPORATION)
and PACIFIC GAS AND ELECTRIC COMPANY)
for an order of the Railroad Commis-)
sion authorizing the former to amor-)
tize on or before December 1, 1964)
the unamortized discount and expense) Application No, 20597
applicable to the redeemed bonds herein)
mentioned and the premium paid upon)
such redemption.)

C. P. Cutten and R. W. DuVal, for applicants.

BY THE COMMISSION:

OPINION

ORIGINAL

San Joaquin Light and Power Corporation in the above entitled matter reports that on August 1, 1935 it redeemed its unifying and refunding mortgage, Series D, 5% bonds, of which there were outstanding in the hands of the public on that date, \$22,047,000. principal amount. It further reports that at the date of redemption there was on its books \$2,579,645.12 of unamortized discount, expense and premium pertaining to such or prior bond issues; that the premium necessary to effect the redemption of said \$22,047,000. of bonds amounted to \$826,762.50; and that the expenses necessarily incurred in connection therewith were \$6,383.46, the three items aggregating \$3,412,791.08. It alleges in this connection that the funds used by it in redeeming the said Series D bonds were loaned to it by Pacific Gas and Electric Company and that the latter company obtained the funds so loaned from the issue and sale of its first and refunding mortgage bonds, Series G, 4%, due December 1, 1964, and from funds in its treasury. Pacific Gas and Electric Company is a party to the application.

The uniform systems of accounts⁽¹⁾ prescribed by the Commission for electrical and gas corporations provide that upon the redemption of bonds by such companies, the balances of unamortized discount and expense and the premiums paid are chargeable forthwith to profit and loss.⁽²⁾ However, the company asks that it, or its successors in interest, be authorized to deviate from the provisions of the uniform systems of accounts so as to permit the amortization of said sum of \$3,412,791.08 on or before December 1, 1964, the date of maturity of the Pacific Gas and Electric Company Series G bonds.

The Commission on occasions, good cause being shown, has permitted utilities to make similar deviations. In the present case we have considered the company's request and its financial affairs and believe that for accounting purposes and convenience such request may be granted. Our order in this matter, however, is permissive only and is not to be taken as depriving the Commission of the power to withdraw its permission at any time or as binding it to the acceptance of the entries, accounting for such amortization, if involved in other proceedings. We do not believe that the annual charges to be made in the future to amortize the said discount, expense and premium should be considered as a part of the cost of money borrowed by either San Joaquin Light and Power Corporation, or its successors in interest, or Pacific Gas and Electric Company.

(1) Decision No. 11353, dated December 13, 1922 and Decision No. 12691, dated October 13, 1923.

(2) As of August 31, 1935 San Joaquin Light and Power Corporation reports a profit and loss balance (earned surplus) of \$4,158,624.23.

ORDER

San Joaquin Light and Power Corporation and Pacific Gas and Electric Company having filed the above entitled application with the Railroad Commission for an order authorizing a deviation from the uniform systems of accounts prescribed by the Commission, as indicated in the foregoing opinion, and the Commission being advised in the premises and being of the opinion that this is not a matter in which a public hearing is necessary and that the application should be granted, subject to the limitations expressed in the aforesaid opinion, therefore,

IT IS HEREBY ORDERED that Decision No. 11353, dated December 13, 1922, and Decision No. 12691, dated October 13, 1923, be, and they hereby are, modified so as to permit San Joaquin Light and Power Corporation, or its successors in interest, unless and until otherwise directed, to charge to Account 131-Unamortized debt discount and expense, the \$3,412,791.08 referred to in the foregoing opinion and to amortize the same by charges to income or profit and loss on or before December 1, 1964.

DATED at San Francisco, California, this 29th day of June, 1936.

M. B. Harris
W. A. Allen
J. J. [unclear]
J. C. [unclear]
Commissioners.