

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 \$15,000,000. face amount of
 its first and refunding mortgage bonds
 Series I, 3½% due June 1, 1966, and to
 use the proceeds for the purposes
 specified in this petition.

Application No. 21731

ORIGINAL

Wm. B. Bosley and R. W. DuVal, for applicant.

BY THE COMMISSION:

O P I N I O N

Pacific Gas and Electric Company asks permission to issue \$15,000,000. of its first and refunding mortgage bonds, Series I, 3½% due June 1, 1966 for the purpose of reimbursing its treasury, in part, on account of capital expenditures and advances and loans made to its affiliated companies to and including June 30, 1937.

Applicant's financial statement filed as Exhibit A shows stocks and bonds outstanding in the hands of the public as of June 30, 1937, as follows:-

Common stock		\$156,533,925.
First preferred stock		130,865,625.
6% first preferred stock	\$102,133,050.	
5½% first preferred stock	<u>28,732,575.</u>	
Bonds		274,224,500.

The bonds consist of the following issues:-

California Gas and Electric Corporation, Unifying and Refunding mortgage 5% bonds due November 1, 1937	\$	5,080,000.
Blue Lakes Water Company, First Mortgage 6% Bonds due March 15, 1938		426,000.
The Standard Electric Company of California, First Mortgage 5% Bonds due September 1, 1939		866,000.
Suburban Light and Power Company, First Mortgage 6% Bonds due August 1, 1938		199,500.
City Electric Company, First Mortgage 5% Bonds due July 1, 1937		715,000.
Pacific Gas and Electric Company, First and Refunding Mortgage Bonds:		
Series "B" 6s due December 1, 1941		20,000,000.
" " "C" 4s due December 1, 1964		93,205,000.
" " "E" 3½-3/4s due December 1, 1961		118,733,000.
" " "I" 3½s due June 1, 1966		35,000,000.

As of June 30, 1937 applicant reports a depreciation reserve of \$74,580,726.87, a reserve for insurance, casualty, pensions and other purposes of \$3,845,267.12 and a reserve for investment in Standard Pacific Gas Line, Incorporated, of \$940,402.41. Its earned surplus as of that date is reported at \$41,414,134.31.

Applicant in its petition and in Exhibit B attached thereto reports that up to June 30, 1937 it expended for the acquisition of properties \$66,763,887.56 against which it has not issued any stocks or bonds. In said Exhibit B it further reports estimated additional expenditures for construction purposes as follows:-

Unexpended balances of capital expenditures authorized at	
June 30, 1937	\$10,293,649.07
Estimated cost of new construction arising out of	
the development of the applicant's business and	
the addition of new consumers for the remainder	
of the year 1937 and the calendar year 1938	28,340,000.00

While we are satisfied from a study of this application and applicant's financial statement and construction program that the issue of the \$15,000,000. of bonds is warranted, we have^{made} no determination that all of said expenditures are proper charges to fixed capital accounts or that all of said expenditures should be financed through the issue of stocks or bonds.

The company has advised the Commission that the \$15,000,000. of bonds will be sold to six different purchasers and that there would be no public offering of such bonds. It reports that it has been advised that the manner in which it proposes to dispose of its bonds obviates the necessity of filing a registration statement with the Securities and Exchange Commission.

ORDER

The Commission having considered the request of Pacific Gas and Electric Company, and it being of the opinion that this is not a matter in which a hearing is necessary, that the money, property or

labor to be procured or paid for by the issue of the said \$15,000,000. of bonds is reasonably required by applicant for the purposes herein stated and that the expenditures herein authorized 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, after the effective date hereof and prior to April 1, 1938, issue at not less than their face value and accrued interest, \$15,000,000. of its first and refunding mortgage bonds Series "I", $3\frac{1}{2}\%$, due June 1, 1966, and use the proceeds, other than accrued interest, realized from the sale of such bonds to reimburse its treasury because of income expended for the acquisition of properties, the cost of which is chargeable to fixed capital accounts under the uniform systems of accounts prescribed or adopted by the Railroad Commission. The accrued interest may be used for general corporate purposes.
2. Pending the preparation and delivery of definitive bonds, Pacific Gas and Electric Company may issue and deliver, in lieu of said definitive bonds, interim certificates exchangeable for definitive bonds when same are ready for issue and delivery, provided that said definitive bonds be issued on or before April 1, 1938.
3. 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 Six Thousand Seven Hundred and Fifty(\$6,750.00) Dollars.
4. Pacific Gas and Electric Company shall keep such record of the issue, sale and delivery 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-A, which order insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 31st day of January, 1938.

Malcolm W. ...
James ...
Frank ...

Ray & ...
Commissioners.

