

Decision No. 38297

ORIGINAL

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 \$49,000,000 principal amount)
of its First and Refunding Mortgage)
Bonds, Series N, 3%, due December 1,)
1977, and to use the proceeds for the)
purposes specified in this petition,)
etc.)
-----)

Application
No. 26985

BY THE COMMISSION:

FIRST SUPPLEMENTAL OPINION

The Commission, by Decision No. 38274, dated October 3, 1945, authorized Pacific Gas and Electric Company to issue \$49,000,000 of first and refunding mortgage bonds, Series N, 3%, due December 1, 1977, subject to the condition that such authority will become effective when the Railroad Commission has entered a supplemental order fixing the price at which Pacific Gas and Electric Company may sell said Series N bonds, and when Pacific Gas and Electric Company has paid the fee prescribed by Section 57 of the Public Utilities Act and has filed with the Commission a certified copy of the resolution of its Board of Directors creating said Series N bonds.

In its supplemental application filed in this matter on October 11, applicant reports that it proposes to call for

redemption on January 1, 1946, \$49,000,000 of its first and refunding mortgage bonds, Series I, 3½%, due June 1, 1966, of which there are now \$49,927,000 principal amount outstanding. In its original application applicant recited that it intended to redeem all of said Series I bonds. Upon the redemption of \$49,000,000 of Series I bonds, applicant must pay a premium of 5% or \$2,450,000 which, added to the aggregate principal amount of Series I bonds to be redeemed, calls for a total payment of \$51,450,000, exclusive of accrued interest. At this time applicant does not know the amount of the premium it will receive upon the sale of its Series N bonds. It proposes to use the proceeds, exclusive of accrued interest, to redeem said \$49,000,000 of Series I bonds. In the event the total proceeds, exclusive of accrued interest, from the sale of Series N bonds is less than \$51,450,000, applicant will use said proceeds, together with a sufficient additional amount from its treasury, to redeem \$49,000,000 of said Series I bonds. If the total proceeds, exclusive of accrued interest, exceed \$51,450,000, applicant will use such proceeds to redeem said \$49,000,000 of Series I bonds and for such other purposes as the Commission may direct by a supplemental order.

Applicant has filed with the Commission certified copies (Exhibits "B" and "C") of the resolutions of its Board of Directors creating said Series N bonds and has also paid the fee presently due under Section 57 of the Public Utilities Act.

Said Series N bonds, except those fully registered, will be dated June 1, 1945. They all mature on December 1, 1977. They bear interest at the rate of 3% per annum, payable semi-annually, on June 1 and December 1 of each year. They will be

subject to redemption, upon the required notice being given, in whole or from time to time in part, at the option of applicant, for other than sinking fund purposes, on the first day of any calendar month, and will be subject to redemption for sinking fund purposes on any first day of June or first day of December, in each case, at the principal amount thereof and accrued interest thereon, plus a premium on such principal amount of

9%	if redeemed on or before December 1, 1946
8-1/2%	if redeemed thereafter and on or before December 1, 1949
8%	if redeemed thereafter and on or before December 1, 1953
7%	if redeemed thereafter and on or before December 1, 1957
6%	if redeemed thereafter and on or before December 1, 1961
5%	if redeemed thereafter and on or before December 1, 1964
4%	if redeemed thereafter and on or before December 1, 1966
3%	if redeemed thereafter and on or before December 1, 1968
2-1/2%	if redeemed thereafter and on or before December 1, 1970
2%	if redeemed thereafter and on or before December 1, 1971
1-3/4%	if redeemed thereafter and on or before December 1, 1972
1-1/4%	if redeemed thereafter and on or before December 1, 1973
1%	if redeemed thereafter and on or before December 1, 1974
3/4%	if redeemed thereafter and on or before December 1, 1975
1/2%	if redeemed thereafter and on or before December 1, 1976

and thereafter without premium.

Because of certain provisions of the Trust Indenture Act of 1939, applicant finds it to its advantage to leave some of its Series I bonds outstanding. It requests the Commission to amend and modify its order in Decision No. 38274, dated October 3, 1945.

FIRST SUPPLEMENTAL ORDER

The Commission has considered applicant's first supplemental application in this matter, and is of the opinion that the order in Decision No. 38274, dated October 3, 1945, should be amended and modified to read as follows:

Pacific Gas and Electric Company having applied to the Railroad Commission for permission to issue and sell \$49,000,000 principal amount of its first and refunding mortgage bonds, Series N, 3%, due December 1, 1977, and for such other authority as indicated in its original and first supplemental applications herein, and the Commission having considered applicant's request and it being of the opinion that Pacific Gas and Electric Company shall invite publicly, written sealed proposals for the purchase or underwriting of said Series N bonds, that the money, property or labor to be procured or paid for through such issue is reasonably required by applicant for the purposes herein stated, that the expenditures for such purposes, other than the use of the accrued interest, are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that the applications should be granted to the extent indicated herein, therefore,

IT IS HEREBY ORDERED, as follows:

1. Pacific Gas and Electric Company may, after the effective date hereof and on or before February 1, 1946, issue and sell at the price fixed by a supplemental order, \$49,000,000 principal amount of its first and refunding mortgage bonds, Series N, 3%, due December 1, 1977, said bonds to be in the

forms prescribed in the resolution of applicant's Board of Directors on file in this application as Exhibit "B". Pacific Gas and Electric Company shall use the proceeds (exclusive of accrued interest) derived from the issue and sale of said bonds to the extent necessary to pay the cost of redeeming on or before January 1, 1946, \$49,000,000 principal amount of its outstanding first and refunding mortgage bonds, Series I, 3½%, due June 1, 1966. Proceeds (exclusive of accrued interest) in excess of the sum of \$51,450,000 derived from the sale of said Series N bonds shall be used by applicant for such purpose or purposes as the Commission may direct by supplemental order. The accrued interest may be used by applicant for general corporate purposes. Pending the preparation and delivery of definitive bonds, Pacific Gas and Electric Company may 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 authorized to issue and sell definitive First and Refunding Mortgage Bonds of Series N.

2. The authority herein granted will become effective when the Railroad Commission has entered a supplemental order fixing the price at which Pacific Gas and Electric Company may sell said Series N bonds.

3. Pacific Gas and Electric Company shall file with the Railroad Commission within thirty (30) days after the issue and sale of said bonds, a complete copy of its Registration Statement filed with the Securities and Exchange Commission, including the exhibits referred to therein, except such exhibits as have previously been filed with the Railroad Commission.

4. Pacific Gas and Electric Company shall file with the Railroad Commission a report or reports required by the Commission's General Order No. 24-A, which Order insofar as applicable is made a part of this Order.

5. Pacific Gas and Electric Company shall, on or before April 30, 1946, file with the Railroad Commission a statement showing in detail the expenses incurred because of the issue and sale of said Series N, 3%, Bonds and the redemption of said Series I, 3½%, Bonds.

Dated at San Francisco, California, this 16th day of October, 1945.

David Paulson
Justus F. Crues

Franklin Dewey
Irving Powell
Commissioners