

ORIGINAL

Decision No. 42973

BEFORE THE PUBLIC UTILITIES 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 Pub-)
lic Utilities Commission of the State)
of California authorizing applicant)
to issue and sell \$80,000,000 aggreg-)
ate principal amount of its First)
and Refunding Mortgage Bonds, Series S,)
due June 1, 1983, and to use the pro-)
ceeds thereof for the purposes stated)
in this petition.)
-----)

Application
No. 30356

R. W. DuVal and Richard H. Peterson, for applicant;
Dion R. Holm, City Attorney, and Paul L. Beck, Chief
Valuation and Rate Engineer, by Paul L. Beck, for City
and County of San Francisco, interested party.

O P I N I O N

In this application, Pacific Gas and Electric Company asks the Public Utilities Commission of the State of California to make its order and decision granting and conferring upon applicant all necessary permission and authority:

(a) To issue and sell, at the price to be fixed by the Commission in a supplemental order in this proceeding, \$80,000,000 aggregate principal amount of its First and Refunding Mortgage Bonds, Series S, due June 1, 1983.

(b) To deviate from the provisions of the Commission's competitive bidding rule as established by Decision No. 38614 to the extent necessary to permit applicant to publish its Public Invitation for Proposals for the Purchase of Bonds of Series S for

not less than six (6) days, in lieu of the ten (10) days' publication required by said competitive bidding rule..

(c) To use the proceeds (exclusive of accrued interest) to be derived through the issue and sale of said bonds of Series S for the purpose of discharging, in whole or in part, its obligations which may be outstanding under the terms of credit agreements executed by it pursuant to the authorization of this Commission in its Decision No. 41245 (Application No. 29086), or to reimburse its treasury in part on account of capital expenditures made on or prior to March 31, 1949, or to pay in part the cost of additions to, extensions of, and betterments or improvements to applicant's plants, properties and facilities made or to be made subsequent to March 31, 1949, and to use said accrued interest for general corporate purposes.

(d) Pending the preparation and delivery of definitive bonds, to 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 those under which applicant shall be authorized to issue and sell definitive bonds.

Applicant had, as of May 14, 1949, stocks and bonds outstanding in the hands of the public as follows:

Common stock		\$207,037,000
Preferred stocks		207,120,625
First preferred stock 6%	\$105,291,550	
First preferred stock, 5 $\frac{1}{2}$ %	29,329,075	
First preferred stock, 5%	10,000,000	
First preferred stock, 5% redeemable	62,500,000	
Bonds		469,855,000
Pacific Gas and Electric Company		
First and Refunding Mortgage Bonds:		
Series I, 3 $\frac{1}{4}$ %, due June 1, 1966	927,000	
Series J, 3%, due December 1, 1970	18,669,000	
Series K, 3%, due June 1, 1971	23,839,000	
Series L, 3%, due June 1, 1974	109,598,000	
Series M, 3%, due December 1, 1979	78,525,000	
Series N, 3%, due December 1, 1977	48,182,000	
Series O, 3%, due December 1, 1975	12,100,000	
Series P, 2-3/4%, due June 1, 1981	24,583,000	
Series Q, 2-7/8%, due December 1, 1980	72,009,000	
Series R, 3-1/8%, due June 1, 1982	73,704,000	
San Joaquin Light & Power Corp.		
Unifying and Refunding Mortgage		
Series B non-callable 6% bonds, due March 1, 1952, assumed by Pacific Gas and Electric Company	7,719,000	

The \$80,000,000 Series S bonds which applicant now asks permission to issue will be dated June 1, 1949, and mature June 1, 1983. They will bear interest at a rate per annum to be specified in the bid hereafter accepted by applicant, pursuant to the Invitation and Statement of Terms and Conditions Relating to Proposals for the Purchase of said bonds, filed as Exhibits "4-a" and "4-b", respectively.

The payment of the bonds will be secured by applicant's first and refunding mortgage, as amended.

Were the \$80,000,000 of bonds now outstanding, applicant's capitalization ratios would be as follows:

Bonds	53.6%
Preferred stock	20.2%
Common stock at par	20.2%
Surplus	<u>6.0%</u>
Total	<u>100.0%</u>

Applicant in Exhibit "B" reports, as of March 31, 1949, unreimbursed capital expenditures of \$230,484,615.92. Since that date applicant obtained \$10,364,550 from the issue and sale of 414,582 shares of common stock authorized by Decision No. 42502, and \$38,625,000 from the issue and sale of 1,500,000 shares of 5% redeemable first preferred stock, Series A, authorized by Decisions Nos. 42719 and 42818. Deducting the two amounts from the \$230,484,615.92 leaves a balance of \$181,495,065.92.

The unexpended balance of applicant's General Manager's authorizations for capital additions and improvements of its properties, at March 31, 1949, amounted to \$266,605,761.49, made up as follows:

<u>Department</u>	<u>Amount</u>
Electric	\$192,506,390.56
Gas	71,868,701.15
Water	665,445.14
Steam Sales	2,054.47
Non-operative	14,390.76
Common Utility	<u>1,548,779.41</u>
Total	<u>\$266,605,761.49</u>

The testimony shows that applicant will borrow, on or about June 14, 1949, \$12,000,000 under the credit agreements executed pursuant to the authority granted by Decision No. 41245, dated February 24, 1948. It further shows that applicant's construction expenditures will during the current year amount to about \$15,000,000 a month. As of June 7, 1949, applicant's cash, except for amounts reserved to pay bond interest, totaled about \$17,500,000.

Applicant will use the bond proceeds, exclusive of accrued interest, to discharge its obligations which may be

outstanding under the terms of the credit agreements, and to reimburse its treasury in part on account of capital expenditures made on or prior to March 31, 1949, or to pay in part the cost of additions to, extensions of, and betterments or improvements to applicant's plants, properties and facilities made or to be made subsequent to March 31, 1949. The accrued interest will be used for general corporate purposes.

Applicant proposes to sell the bonds through competitive bidding. The testimony shows that three groups of underwriters are at this time interested in bidding for the bonds. Its plan calls for the opening of the bids on June 28, 1949. In order that it may adhere to such plan, applicant asks the Commission to require it to publish the invitation for bids not less than six (6) days, in lieu of the ten (10) days required by Decision No. 38614. It will publish the invitation for the purchase of the bonds as soon as its registration statement becomes effective for that purpose.

While the order herein will authorize applicant to use the bond proceeds to reimburse its treasury, it should not be construed as a finding by the Commission that all of the expenditures referred to in Exhibit "B" are proper charges to fixed capital or investment accounts.

O R D E R

The Commission having considered the evidence submitted at the hearing had on this application and it being of the opinion that the money, property or labor to be procured or paid for by the issue of \$80,000,000 principal amount of first and refunding

mortgage bonds, Series S, due June 1, 1983, by Pacific Gas and Electric Company is reasonably required by said Pacific Gas and Electric Company for the purposes herein stated, that the expenditures for said purposes, other than the accrued interest, are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted subject to the provisions of this order; therefore,

IT IS HEREBY ORDERED as follows:

1. Pacific Gas and Electric Company, after the effective date hereof and on or before July 31, 1949, may issue and sell, at the price fixed by the Commission in a supplemental order, \$80,000,000 principal amount of its first and refunding mortgage bonds, Series S, due June 1, 1983.

2. Pacific Gas and Electric Company shall use the proceeds, exclusive of accrued interest, derived from the issue and sale of said bonds, to discharge its obligations which may be outstanding under the terms of credit agreements executed by it pursuant to the authorization granted by Decision No. 41245, and to reimburse its treasury in part on account of capital expenditures made on or prior to March 31, 1949, or to pay in part the cost of additions to, extensions of, and betterments or improvements to applicant's plants, properties and facilities made or to be made subsequent to March 31, 1949. The accrued interest may be used for general corporate purposes.

3. Pending the preparation and delivery of definitive bonds, Pacific Gas and Electric Company may issue, sell and deliver temporary bonds in the principal amount of \$80,000,000

under the same terms and conditions as those under which it is authorized to issue and sell said \$80,000,000 of definitive bonds.

4. Pacific Gas and Electric Company shall publish an invitation for proposals for the purchase of said \$80,000,000 of bonds not less than six (6) days prior to the date fixed for the opening of bids, said invitation for proposals to purchase said bonds to be in form similar to that on file in this application as Exhibit "4-a".

5. The authority herein granted to issue and sell said \$80,000,000 of bonds will become effective when the Commission has entered a supplemental order fixing the price at which Pacific Gas and Electric Company may sell said \$80,000,000 of bonds, and when Pacific Gas and Electric Company has paid the fee prescribed by Section 57 of the Public Utilities Act. All other authority herein granted is effective upon the date hereof.

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

7. Within thirty (30) days after the issue and sale of said \$80,000,000 of bonds, Pacific Gas and Electric Company shall file with the Commission a complete copy of the registration statement filed with the Securities and Exchange Commission, except the exhibits referred to therein which have heretofore been filed with the Commission.

8. Within six (6) months after the issue and sale of said \$80,000,000 of bonds, Pacific Gas and Electric Company shall

file with the Commission a statement showing in detail the expenses incurred by it in connection with the issue and sale of said \$80,000,000 of bonds.

Dated at San Francisco, California, this 14th day of June, 1949.

R. F. [Signature]
Justice F. Galvin
Joseph [Signature]
Harold P. Kule
Herbert P. Potter
Commissioners

