

ORIGINAL

Decision No. 46649

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of)
 PACIFIC GAS AND ELECTRIC COMPANY for)
 an order of the Commission authoriz-)
 ing applicant to issue and sell not)
 more than 163,986 shares (par value)
 \$25 each) of its 5% Redeemable First)
 Preferred Stock, Series A; to use the)
 proceeds thereof for the purposes)
 herein set forth; and finding and)
 declaring the issue and sale of said)
 shares of preferred stock exempt from)
 the competitive bidding requirements)
 of Decision No. 38614 (46 C.R.C. 281))
 issued January 15, 1946 in Case No.)
 4761.)
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Application
No. 33004

Ralph W. DuVal and Frederick T. Searls, for applicant; Dion R. Holm, City Attorney, and Paul L. Beck, Chief Valuation and Rate Engineer in the City Attorney's Office, by Paul L. Beck, for the City and County of San Francisco, interested party.

O P I N I O N

This is an application by Pacific Gas and Electric Company for an order authorizing it to issue and sell 163,986 shares of its 5% Redeemable First Preferred Stock, Series A, of the aggregate par value of \$4,099,650.

Applicant asks that the issue and sale of said shares be exempted from the provisions of the Commission's competitive bidding rule. If authorized to issue and sell its shares, it proposes to offer them to its employees, other than its officers and directors, and to employees of Vallejo Electric Light and Power Company, Valley Electrical Supply Company, Pacific Service Employees Association and Pacific Service Employees Credit Union, such offer to be made pursuant

to the terms of the proposed stock purchase plan contained in Exhibit 3 filed in this proceeding. The plan provides that an employee may purchase said shares for the sum of \$24.50 each, ⁽¹⁾ in a maximum amount of one share for each \$100 of his basic annual pay on January 1, 1952, but in no case more than 100 shares or less than five shares. Payment for the shares so subscribed is to be made in 23 installments at the rate of \$1 per share per month and one final payment of 50 cents per share, by payroll deductions, with no right of prepayment, and \$1 is to be paid by a credit for interest on installments. This interest allowance is estimated to be approximately 4% per annum on installment payments. The plan further provides that an employee may cancel his application, in which case there will be refunded to him all installments credited to his account, without interest. The offer to the employees will terminate on February 8, 1952.

Applicant reports that it intends to use the proceeds to be received through the issue and sale of its shares of preferred stock to reimburse its treasury and to finance the cost of additions to its plants and properties. As shown in Exhibit C attached to the application, its unreimbursed capital expenditures at September 30, 1951, amounted to \$300,205,445.90, and, as set forth in the application, the unexpended balances of authorizations for capital additions and improvements in progress of construction at September 30, 1951, amounted to \$267,171,047.82, segregated to departments as follows:

Electric	\$220,481,866.55
Gas	43,049,297.68
Water	486,826.21
Steam sales	66,884.68
Other physical property	3,459.52
Common	<u>3,082,713.18</u>
Total	<u>\$267,171,047.82</u>

(1)

During October, 1951, pursuant to authorization granted by Decision No. 46301, dated October 15, 1951, as amended by Decision No. 46334, dated October 23, 1951, applicant sold 1,500,000 shares (\$37,500,000 par value) of 5% redeemable first preferred stock at a price of \$24.50 a share.

It is reported that applicant's construction expenditures during the year 1952 will amount to \$160,000,000.

A review of the application indicates that applicant will have need for the proceeds from the issue and sale of its shares of stock as it continues with its construction program. Under the circumstances set forth in this proceeding, the Commission is of the opinion that the issue and sale of said shares to applicant's employees, as here proposed, is not adverse to the public interest and that such issue and sale should be exempted from the provisions of the Commission's competitive bidding rule.

O R D E R

A public hearing having been held on the above entitled matter, and the Commission having considered the evidence and being of the opinion that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for through the issue and sale of the stock herein authorized is reasonably required by applicant for the purposes specified herein; and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Pacific Gas and Electric Company may issue and sell, pursuant to the terms of its proposed stock purchase plan, not exceeding 163,986 shares of its 5% Redeemable First Preferred Stock, Series A, to its employees at not less than \$24.50 a share.
2. The issue and sale of said 163,986 shares of stock is exempted from the provisions of the competitive bidding rule contained in the Commission's Decision No. 38614, dated January 15, 1946.

3. Pacific Gas and Electric Company shall use the proceeds to be derived from the issue and sale of said shares of stock to reimburse its treasury, in part, on account of capital expenditures made on or prior to September 30, 1951, or to pay in part the cost of additions to, extensions of, and betterments or improvements to its plants, properties and facilities made, or to be made, subsequent to September 30, 1951.

4. Pacific Gas and Electric Company shall file with the Commission, on or before June 30, 1952, a report showing the number of employees who subscribed for said shares of stock and the aggregate par value of shares for which it received subscriptions.

5. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this 15th day of January, 1952.

R. J. Anderson
President

Justin J. Calves
Harold S. Kula

John L. Mitchell
Commissioners