

ORIGINAL

Decision No. 46804

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)	
Public Utilities Commission of the	:	
State of California authorizing)	
applicant to issue and sell \$55,000,000	:	Application
aggregate principal amount of its First)	No. 33148
and Refunding Mortgage Bonds, Series U,	:	
due December 1, 1985, and to use the)	
proceeds thereof for the purposes	:	
stated in this petition.)	
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O P I N I O N

In this application Pacific Gas and Electric Company reports that it proposes to offer for sale at competitive bidding a new series of its first and refunding mortgage bonds in the aggregate principal amount of \$55,000,000, said bonds to be known as Series U and to mature on December 1, 1985. Applicant asks the Commission to permit it to publish its invitations for proposals for the purchase of said bonds at least five days prior to the date set for the opening of bids, instead of the ten days' publication required by the Commission's competitive bidding rule, and to authorize it to issue and sell said bonds at a price to be fixed in a supplemental order for the purpose of repaying any bank loans which may be outstanding, of reimbursing its treasury and/or of paying in part the cost of capital additions.

The application shows that applicant has issued, and on December 31, 1951, had outstanding, first and refunding mortgage bonds of several series in the aggregate amount of \$607,307,000 and that, in addition, it had outstanding an underlying issue of \$7,667,000 of San Joaquin Light and Power Corporation Unifying and Refunding Mortgage Bonds, due March 1, 1952. Applicant further reports, in its

proposed prospectus to be issued in connection with the issue of the bonds now under consideration, that since December 31, 1951, a total of \$32,667,000 in short-term bank loans has been authorized by its board of directors and its executive committee, with \$7,667,000 of such amount designed to finance the payment of the underlying bonds.

It appears that in meeting capital requirements applicant, among other things, has issued bonds, shares of preferred and common stock, and has used earnings from operations. Its capital structure as of December 31, 1951, but giving effect to the payment of the underlying bonds and to the proposed issue of Series U bonds, is shown below:

	<u>Amount</u>	<u>Percent</u>
<u>Bonds -</u>		
<u>First & refunding -</u>		
Series I, 3-1/2's, due 1966	\$ 927,000	
Series J, 3's, due 1970	18,669,000	
Series K, 3's, due 1971	23,839,000	
Series L, 3's, due 1974	109,548,000	
Series M, 3's, due 1979	77,975,000	
Series N, 3's, due 1977	48,182,000	
Series O, 3's, due 1975	11,250,000	
Series P, 2-3/4's, due 1981	24,088,000	
Series Q, 2-7/8's, due 1980	67,459,000	
Series R, 3-1/8's, due 1982	70,375,000	
Series S, 3's, due 1983	77,520,000	
Series T, 2-7/8's, due 1976	77,475,000	
Sub-total	<u>607,307,000</u>	
Series U, _____%, due 1985	55,000,000	
Total bonds	<u>662,307,000</u>	50.8%
<u>Bank Loans</u>	<u>7,667,000</u>	.6
<u>Preferred Stock -</u>		
6% cumulative	105,291,550	
5-1/2% cumulative	29,329,075	
5% cumulative	10,000,000	
5% redeemable, cumulative	62,500,000	
5% redeemable, cumulative, series A	39,650,350	
4.80% redeemable, cumulative	37,500,000	
Total preferred stock	<u>284,270,975</u>	21.8
<u>Equity Capital -</u>		
Common stock	283,912,450	
Net premiums	17,164,253	
Surplus	49,231,115	
Total equity capital	<u>350,307,818</u>	26.8
Total	<u>\$1,304,552,793</u>	<u>100.0%</u>

In making the present request to issue additional bonds, applicant reports that as of November 30, 1951, its capital

expenditures for which it has not been reimbursed through the issue of securities amounted to \$289,212,327.31, and that the unexpended balances of general manager's authorizations for capital additions and improvements in progress of construction amounted, at November 30, 1951, to \$244,331,299.44, segregated to departments as follows:

Electric	\$201,024,884.13
Gas	39,510,339.02
Water	616,085.82
Steam Sales	34,375.99
Other Physical Property and Plant Held for Future Use	12,624.43
Common Utility	<u>3,132,990.05</u>
Total	<u>\$244,331,299.44</u>

Not all of the authorizations under construction will be completed during 1952. Applicant reports that in its opinion its expenditures for 1952 will be equal to or exceed the sum of \$160,000,000.

The records of the Commission show that since the close of the war applicant has been faced with substantial construction expenditures to meet demands of the public for service and that it will be faced with continuing expenditures in the future. Applicant's prospectus shows that during the five years from 1947 to 1951, inclusive, its expenditures for construction amounted in the aggregate to approximately \$771,275,000, and that its estimated construction during the three years 1952 to 1954, inclusive, will aggregate approximately \$450,000,000. The construction now under way includes two additional units with an aggregate expected capacity of 235,000 kilowatts to be completed at the Moss Landing Plant in 1952 at an estimated cost of \$28,300,000, two additional units with an aggregate expected capacity of 235,000 kilowatts to be completed at the Contra Costa Plant in 1953 at an estimated cost of \$28,200,000, and a new four-unit plant at Pittsburg with an aggregate expected capacity of

600,000 kilowatts, of which two units will be completed late in 1953 and two early in 1954 at an estimated cost of \$80,000,000. As to the hydroelectric generating system, applicant has under construction a storage reservoir of 46,000 acre-feet capacity on the Bear River, and a new plant with an estimated capacity of 29,000 kilowatts on the North Fork of the Mokelumne River, scheduled to be completed in 1953 at an estimated cost of \$11,000,000.

A review of the application clearly indicates that the issue and sale by applicant of additional securities is necessary to enable it to pay short-term bank loans and to proceed with its construction program. Accordingly, a preliminary order will be entered at this time.

O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing thereon is not necessary; 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 bonds herein authorized is reasonably required by applicant for the purposes specified herein; and that such purposes, except as otherwise authorized, 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, after the effective date hereof and on or before June 30, 1952, may invite the submission of written, sealed bids for the purchase of not exceeding \$55,000,000 of First and Refunding Mortgage Bonds, Series U, due December 1, 1985,

such invitation for bids to be published at least five (5) days prior to the date set for the opening of said bids.

2. Pacific Gas and Electric Company, after the effective date hereof and on or before June 30, 1952, may issue and sell said \$55,000,000 of bonds at a price to be fixed by the Commission in a supplemental order in this proceeding.

3. Pacific Gas and Electric Company shall use the proceeds, exclusive of accrued interest, to be derived through the issue and sale of said bonds for the purposes set forth in this application. The accrued interest may be used for general corporate purposes.

4. Pending the preparation and delivery of definitive bonds, Pacific Gas and Electric Company may execute, authenticate and deliver temporary bonds in lieu of such definitive bonds, such temporary bonds to be issued and sold under the same terms and conditions as those under which applicant is authorized to issue and sell definitive bonds.

5. Pacific Gas and Electric Company shall file with the Commission a report, or reports, showing the amount of bonds issued and sold under the authority herein granted, the names of those to whom the bonds were sold, and the price at which they were sold.

6. The authority herein granted to publish invitations for bids is effective upon the date hereof. The authority granted to issue and sell bonds will become effective when the Commission by a supplemental order has fixed the price at which said bonds may be sold, and when applicant has paid the fee prescribed by Section 1904 of the Public Utilities Code, which fee is sixteen thousand seven hundred fifty (\$16,750.00) dollars.

7. Within thirty (30) days after the issue and sale of said bonds, Pacific Gas and Electric Company shall file with the Commission three (3) copies of its prospectus. Within six (6) months after such issue and sale it shall file with the Commission a statement showing in some detail the expenses incurred by it incident thereto and the account, or accounts, to which such expenses were charged.

Dated at Los Angeles, California, this 4th day of March, 1952.

R. Z. [Signature]
President
Justus F. Calver
Harold A. Kule

Commissioners

