

ORIGINAL

Decision No. 48521

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	:	Application
\$65,000,000 aggregate principal)	No. 34264
amount of its First and Refunding	:	
Mortgage Bonds, Series V, due)	
June 1, 1984, and to use the proceeds	:	
thereof for the purposes stated in)	
this petition.	:	
-----)	

O P I N I O N

In this application Pacific Gas and Electric Company seeks authorization to issue and sell \$65,000,000 in principal amount of its First and Refunding Mortgage Bonds, Series V, due June 1, 1984, at a price and with the interest rate to be determined by competitive bidding, for the purpose of reimbursing its treasury, of repaying bank loans and of financing capital expenditures.

The application shows that up to January 31, 1953, applicant's capital expenditures for which it has not been reimbursed through the issue of securities amounted to \$331,588,198.84, as shown in Exhibit B, that since January 1, 1953, it has made bank borrowings of \$43,000,000, and that it will be called upon during the present and succeeding years to expend substantial sums for additions and betterments to its plants and properties. The unexpended balances at January 31, 1953, of its authorizations for construction are reported at \$284,001,886.50, segregated to

departments as follows:

Electric	\$227,760,805.73
Gas	51,379,366.13
Water	424,255.43
Steam Sales	5,383.92
Other Physical Property and Plant Held for Future Use	1,000.00
Common Utility	<u>4,431,075.29</u>
Total	<u>\$284,001,886.50</u>

Not all these expenditures will be made during the next twelve months. The application shows the cost of capital additions and improvements to be made during 1953 is estimated at \$160,000,000 and that it is expected one-fourth of the amount will be financed with funds in applicant's treasury and funds to be available from internal sources, leaving the greater part of the amount to be provided from the sale of securities.

In meeting its construction requirements it has been applicant's practice to issue bonds and shares of preferred and common stock. Its capital ratios as reflected by its balance sheet of February 28, 1953, and after giving effect to the proposed issue of bonds, are as follows:

	<u>Feb. 28, 1953</u>	<u>Pro Forma</u>
Bonds	48%	50%
Preferred stock	21	20
Equity capital	<u>31</u>	<u>30</u>
Total	<u>100%</u>	<u>100%</u>

Applicant intends to offer its bonds for sale at competitive bidding. At the present time it contemplates that its registration statement will become effective not later than May 12, 1953, that it will publish its invitation for submission of proposals for the purchase of said bonds on May 13, 1953, and that

it will open the bids on May 19, 1953. To enable it to adhere to this program, it asks the Commission to provide in its order that the time for publication of the invitation shall be not less than five days prior to the date set for the opening of the bids, in lieu of the minimum period of ten days required by the Commission's competitive bidding rule.

A review of the application indicates that applicant will have need for additional funds from external sources as it proceeds with its construction activities and that a preliminary order should be entered at this time in this proceeding generally approving applicant's financing program but retaining for the Commission jurisdiction over the proposed issue.

O R D E R

The Commission having considered the above entitled matter, and being of the opinion that a public hearing is not necessary; that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for by the issue of the bonds herein authorized is reasonably required by applicant for the purposes specified herein; and that such purposes, other than accrued interest, 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, on and after the effective date hereof and on or before July 31, 1953, may publish an invitation for bids for the purchase of \$65,000,000 of First Mortgage Bonds, Series V, due June 1, 1984, not less than five days prior to the date fixed for the opening of said bids.

2. Pacific Gas and Electric Company, on and after the effective date hereof and on or before July 31, 1953, may issue and sell said \$65,000,000 of bonds at a price to be fixed by the Commission in a supplemental order.

3. Applicant shall use the proceeds, exclusive of accrued interest, to be obtained through the issue and sale of said \$65,000,000 of bonds for the purposes set forth in this application. The accrued interest may be used for general corporate purposes.

4. The authority herein granted to issue and sell said \$65,000,000 of bonds will become effective when the Commission by a supplemental order has fixed the price at which applicant may sell said bonds and when applicant has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$19,250.

5. Pending the preparation and delivery of definitive bonds, applicant 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 said \$65,000,000 of definitive bonds are herein authorized to be issued and sold and thereafter to be exchanged for definitive bonds.

6. Within 30 days after the issue and sale of the bonds herein authorized, applicant shall file with the Commission three copies of its prospectus and a report showing the names of those to whom such bonds were sold, the amount sold to each, and the consideration received.

7. Within six months after the issue and sale of said bonds, applicant shall file with the Commission a statement showing

in detail the expenses incurred by it in connection with such issue and sale and the account, or accounts, to which it charged such expenses.

Dated at San Francisco, California, this 28th day of April, 1953.

A. J. [Signature]
President

Harold [Signature]

[Signature]
[Signature]

Commissioners