

ORIGINAL

Decision No. 49592

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 ap-)	Application
plicant to issue and sell \$60,000,000	:	No. 35054
aggregate principal amount of its First)	
and Refunding Mortgage Bonds, Series W,	:	
due December 1, 1984, and to use the)	
proceeds thereof for the purposes stated	:	
in this petition.)	
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O P I N I O N

Pacific Gas and Electric Company has filed this application for authorization to issue and sell \$60,000,000 in aggregate principal amount of its First and Refunding Mortgage Bonds, Series W, due December 1, 1984.

The purpose of the proposed financing is to provide applicant with funds to reimburse its treasury in part on account of capital expenditures made on or prior to October 31, 1953, and/or to pay in part the costs of additions, extensions, betterments or improvements to its plants, properties and facilities made or to be made subsequent to October 31, 1953. Applicant reports that at October 31 it had unreimbursed capital expenditures in the total amount of \$348,073,285.33 and that it will be called upon during the present and succeeding years to expend substantial sums for additions and betterments to its properties. The unexpended balances of its present authorizations for construction amounted at October 31, 1953, to \$212,296,293.44, segregated to departments as follows:

Electric	\$170,876,200.33
Gas	35,105,777.71
Water	823,576.64
Steam sales	75,066.88
Other physical property and plant held for future use	1,000.00
Common utility	<u>5,414,671.88</u>
Total	<u>\$212,296,293.44</u>

Not all of these expenditures will be made during 1954. Applicant reports, however, that the cost of capital additions and improvements to be made during the next twelve months will be equal to or will exceed the sum of \$160,000,000 and that about one-fourth of this amount may be financed with funds in its treasury and with funds expected to be available from internal sources, leaving a balance of approximately \$120,000,000 which must be provided from other sources.

From time to time applicant has issued bonds and shares of preferred and common stock to finance permanently its expenditures for plant. Its capital ratios as reflected by its balance sheet of November 30, 1953, and as adjusted to give effect to the proposed issue of bonds, are as follows:

	<u>Nov. 30, 1953</u>	<u>Pro Forma</u>
Bonds	47%	49%
Preferred stock	19	18
Equity capital	<u>34</u>	<u>33</u>
Totals	<u>100%</u>	<u>100%</u>

Applicant intends to offer its bonds for sale at competitive bidding. At this time it contemplates its registration statement will become effective not later than February 8, 1954, and it expects to publish its invitation for the submission of proposals for the purchase of its bonds on February 10, 1954, and

to open bids on February 16, 1954. In order that it might meet this time schedule and thereby expedite the offering of the bonds, applicant requests 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 opening of the bids in lieu of the period of ten days required by the Commission's competitive bidding rule.

A review of this application indicates that applicant will have need for additional funds from external sources as it proceeds with its construction activities, that the issue of bonds at this time is desirable, and that a preliminary order should be entered generally approving the financial program set out in this application 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, except as otherwise authorized with respect to 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, 1954, may publish

an invitation for bids for the purchase of \$60,000,000 of First and Refunding Mortgage Bonds, Series W, due December 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, 1954, may issue and sell said \$60,000,000 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 \$60,000,000 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 \$60,000,000 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 \$18,000.

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 \$60,000,000 of definitive bonds shall 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.

