

ORIGINAL

Decision No. 51099

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 authorizing it to issue and)
 sell \$50,000,000 aggregate principal)
 amount of its First and Refunding)
 Mortgage Bonds, Series Y, due)
 December 1, 1987, and to use the)
 proceeds thereof for the purposes)
 stated in this petition.)
 -----)

Application
No. 36674

O P I N I O N

In this application Pacific Gas and Electric Company seeks authorization to issue and sell \$50,000,000 in principal amount of its First and Refunding Mortgage Bonds, Series Y, due December 1, 1987.

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 November 30, 1954, to repay bank loans, and 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 November 30, 1954. It reports that its short-term borrowings aggregate \$38,000,000, the amounts having been used for temporary financing of its construction program. It sets forth in its application that the unexpended balances of general manager's authorizations for capital additions and improvements amounted, at November 30, 1954, to \$129,625,436.13, segregated as follows:

Electric	\$116,887,406.37
Gas	8,776,546.03
Water	506,198.82
Steam sales	10,445.43
Other physical property and plant held for future use	518.00
Common utility	<u>3,444,321.48</u>
Total	<u>\$129,625,436.13</u>

It appears that not all these amounts will be expended during 1955 and that in addition there will be other authorizations from time to time. Applicant reports that it estimates its 1955 expenditures will be equal to or will exceed the sum of \$120,000,000 and that about one-third or more of this amount may be financed with funds in its treasury or funds expected to be available from internal sources, leaving a balance of approximately \$80,000,000 to be obtained from other sources.

It has been applicant's practice to finance its construction requirements in part through the issue of bonds and shares of preferred and common stock. Its capital ratios, as of November 30, 1954, and after giving effect to the proposed issue of bonds, are as follows:

	<u>November 30, 1954</u>	<u>Pro Forma</u>
Bonds	47.9%	49.4%
Preferred stock	19.7	19.1
Common stock equity	<u>32.4</u>	<u>31.5</u>
Totals	<u>100.0%</u>	<u>100.0%</u>

Applicant intends to offer its bonds for sale at competitive bidding, the price and the interest rate to be specified in the bid to be accepted by it. It intends to file a registration statement with the Securities and Exchange Commission forthwith, and it reports that in the event such statement shall become

effective not later than February 23, 1955, it will publish its invitation for the submission of bids on February 24 and will open bids on March 2. In order to enable it to carry out this program it requests the Commission to provide in its order that the time of publication of the invitation shall be not less than five days prior to the date set for opening of the bids.

A review of the application shows that applicant will have need for funds from the sale of permanent securities to enable it to liquidate its current obligations and to proceed with its construction program and that its capital ratios lend themselves to the issue and sale of the bonds requested in this application. Accordingly, we will enter an order granting applicant's requests.

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 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 may invite the submission of written sealed bids for the purchase of \$50,000,000 in aggregate principal amount of its First and Refunding Mortgage

Bonds, Series Y, due December 1, 1987, such invitation for bids to be published at least five days prior to the date set for the opening of the bids.

2. Pacific Gas and Electric Company may issue and sell said \$50,000,000 of said bonds at the price offered in said bids which will result in the lowest annual cost of money to applicant.

3. Pending the preparation and delivery of definitive bonds, Pacific Gas and Electric Company may execute, authenticate and deliver temporary bonds, in lieu of definitive bonds, such temporary bonds to be issued and sold, under the same terms and conditions under which definitive bonds herein are authorized to be issued and sold, and thereafter to be exchanged for said definitive bonds.

4. Pacific Gas and Electric Company shall use the proceeds to be received from the issue and sale of said bonds for the purposes set forth in this application. The accrued interest to be received may be used for said purposes or for general corporate purposes.

5. Immediately upon awarding the contract for the sale of said \$50,000,000 of bonds, Pacific Gas and Electric Company shall file a written report with the Commission showing, as to each bid received, the name of the bidder, the price, the interest rate and the cost of money to applicant based on such price and interest rate.

6. Within 30 days after the issue and sale of the bonds herein authorized, Pacific Gas and Electric Company shall file a report with the Commission showing the date on which such bonds were sold, the names of those to whom sold, the amount sold to each and

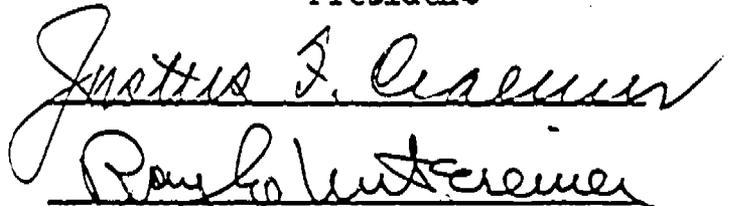
the consideration received, together with three copies of its prospectus.

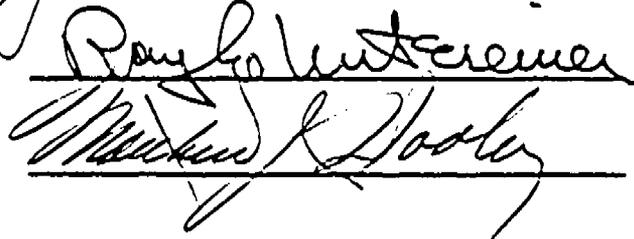
7. The authority herein granted will become effective when Pacific Gas and Electric Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$15,500.

Dated at San Francisco, California, this 15th day of February, 1955.



President







Commissioners

