

Decision No. 54343

ORIGINAL

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 \$35,000,000 aggregate principal :	
amount of its First and Refunding)	Application No. 38684
Mortgage Bonds, Series AA, due :	
December 1, 1986, and to use the)	
proceeds thereof for the purposes :	
stated in this petition.)	

O P I N I O N

Pacific Gas and Electric Company has filed this application for authorization to issue and sell \$35,000,000 in principal amount of its First and Refunding Mortgage Bonds, Series AA, due December 1, 1986.

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 plans 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 January 15, 1957, it will publish its invitation for the submission of bids on January 16 and will open bids on January 22. In order to enable it to carry out this program it 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 date set for opening of the bids.

The purpose of the proposed financing is to provide applicant with funds to reimburse its treasury in part on account of capital expenditures heretofore made, to repay bank loans which may

be outstanding, and to pay in part the cost of additions to, extensions of, and betterments or improvements to its plants, properties and facilities. Applicant reports unreimbursed capital expenditures at October 31, 1956, at \$505,062,853.45 and future expenditures, represented by the unexpended balances of general manager's authorizations for capital additions and improvements, at \$233,599,404.10, segregated as follows:

Electric	\$184,502,392.49
Gas	43,150,711.82
Water	695,801.94
Steam sales	182,951.46
Other physical property and plant held for future use	41,880.82
Common utility	<u>5,025,665.57</u>
Total	<u>\$233,599,404.10</u>

It appears that not all these amounts will be expended during 1957 and that in addition there will be other authorizations from time to time. Applicant estimates that its 1957 expenditures possibly will exceed the sum of \$175,000,000 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 \$120,000,000 to be obtained from outside 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 October 31, 1956, and as adjusted to give effect to the proposed issue of bonds, are as follows:

	<u>October 31, 1956</u>	<u>Pro Forma</u>
Bonds	45.7%	46.8%
Preferred stock	19.2	18.8
Common stock equity	<u>35.1</u>	<u>34.4</u>
Totals	<u>100.0%</u>	<u>100.0%</u>

The company's October 31 balance sheet shows current and accrued assets of \$90,797,798.19 and current and accrued liabilities at \$102,583,177.72.

From a review of the application we are of the opinion that applicant will have need for funds from the sale of permanent securities to enable it to replenish its treasury and to proceed with its construction program and that we are warranted in entering an order authorizing the issue and sale of bonds as requested. The approval herein indicated is for the issue and sale of securities only and is not to be construed as indicative of amounts to be included in a future rate base for the purpose of determining just and reasonable rates.

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 \$35,000,000 in aggregate principal amount of its First and Refunding Mortgage Bonds, Series AA, due December 1, 1986, 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 \$35,000,000 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 \$35,000,000 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 \$11,750.

Dated at San Francisco, California, this 8th day of January, 1957.

[Signature]
President
[Signature]
[Signature]
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Commissioners

