

ORIGINAL

Decision No. 55219

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 \$60,000,000 aggregate principal
amount of its First and Refunding
Mortgage Bonds, Series BB, due
June 1, 1989, and to use the
proceeds thereof for the purposes
stated in this petition.

Application No. 39179

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 of bonds.

The bonds will constitute a new series which will be designated as First and Refunding Mortgage Bonds, Series BB, due June 1, 1989, will be dated June 1, 1957, and will be subject to redemption to and including May 31, 1958, at an amount equivalent to the initial price plus 5 per cent of the principal amount, or 105 per cent of the principal amount, whichever is greater, and thereafter at premiums decreasing annually, provided, however, that prior to June 1, 1962, none of the Series BB Bonds may be redeemed, either at the option of the company or for the sinking fund, directly or indirectly from the proceeds of or in anticipation of any refunding operation involving the incurring of debt which has an effective interest cost to the company, computed in accordance with generally accepted financial practice, of less than the effective interest cost to the company of the Series BB Bonds. Applicant intends to sell its bonds at competitive bidding, the successful bid to determine the price and the interest rate.

The purpose of the financing is to provide applicant with funds to pay any bank loans which may be outstanding, to reimburse its treasury in part because of capital expenditures made on or prior to March 31, 1957, and/or to pay in part the cost of additions, extensions, improvements and betterments to its plants, properties and facilities. Applicant reports that as of April 30, 1957, its outstanding short-term notes aggregated \$34,000,000 and that its unreimbursed expenditures as of March 31, 1957, were \$544,097,376.

Upon replenishing its treasury, applicant proposes to apply the net proceeds toward the cost of additions to its utility plant. It reports the unexpended balance of general manager's authorizations, at the end of March of this year, in the amount of \$294,965,007 and it estimates its expenditures during the calendar year will possibly exceed \$190,000,000, of which only about one-third will be available from internal sources.

From a review of applicant's financial statements, it appears that its capital ratios as of April 30, 1957, and as adjusted to give effect to the proposed financing, are as follows:

	<u>April 30,</u> <u>1957</u>	<u>As</u> <u>Adjusted</u>
Bonds	47%	49%
Preferred stock	19	18
Common stock, capital and earned surplus	<u>34</u>	<u>33</u>
Total	<u>100%</u>	<u>100%</u>

We have considered this matter and are of the opinion that a public hearing is not necessary, that applicant will have need for additional funds from external sources to enable it to meet its obligations and to proceed with its construction program and that an order on the application is warranted.

The approval 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 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 \$60,000,000 of its First and Refunding Mortgage Bonds, Series BB, due June 1, 1989, as set forth in this application, 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 \$60,000,000 of bonds at competitive bidding on or before September 30, 1957, at the price and bearing interest at the rate specified in said bids which will result in the lowest annual cost of money to applicant.

3. Pacific Gas and Electric Company shall use the proceeds from the sale of its bonds, exclusive of accrued interest, 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.

4. Immediately upon awarding the contract for the sale of said \$60,000,000 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 upon such price and interest rate.

5. 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 said 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.

6. 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 \$18,000.

Dated at San Francisco, California, this 9th day of July, 1957.

President
Ray L. Wilshire

W. H. ...

R. ...

E. ...
Commissioners

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
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BY *W. H. ...*