

ORIGINAL

Decision No. 57611

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

(Amended Title)

In the matter of the application of
PACIFIC GAS AND ELECTRIC COMPANY for
an order authorizing it to issue and
sell \$65,000,000 aggregate principal
amount of its First and Refunding
Mortgage Bonds, Series DD, due
June 1, 1990, and to use the
proceeds thereof for the purposes
stated in this petition.

Application No. 40560
(Amendment)

O P I N I O N

Pacific Gas and Electric Company has filed this applica-
tion as amended on November 20, 1958, for authorization to issue
and sell \$65,000,000 in aggregate principal amount of its First
and Refunding Mortgage Bonds, Series DD, due June 1, 1990.

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 July 31,
1958, to repay any bank loans which may be outstanding, and/or
to pay, in part, the cost of additions, extensions, betterments
or improvements to its plants, properties and facilities made
or to be made subsequent to July 31, 1958. Applicant reports
that it has \$16,000,000 of notes outstanding, that at July 31
it had unreimbursed capital expenditures in the total amount of
\$611,833,618.85, 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 July 31, 1958, to \$171,847,356.80, segregated to departments as follows:

Electric	\$153,580,880.69
Gas	11,529,045.88
Water	930,493.20
Steam sales	293,582.68
Other physical property and plant held for future use	2,000.00
Common utility	<u>5,511,354.35</u>
Total	<u>\$171,847,356.80</u>

Not all of these expenditures will be made during 1958 and 1959. Applicant reports, however, that the cost of capital additions and improvements to be made during the next year will approximate the sum of \$156,000,000 and that about one-half 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 \$78,000,000 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 September 30, 1958, excluding short-term notes and restricted surplus, and as adjusted to give effect to the proposed issue of bonds, are as follows:

	<u>Sept. 30, 1958</u>	<u>Pro Forma</u>
Bonds	48%	50%
Preferred stock	17	17
Equity capital	<u>35</u>	<u>32</u>
Total	<u>100%</u>	<u>100%</u>

Applicant intends to sell the \$65,000,000 of bonds at a price and bearing an interest rate to be determined by competitive bidding. At this time applicant contemplates the registration statement to be filed with the Securities and Exchange Commission will become effective not later than November 25, 1958, and it expects to publish its invitation for the submission of proposals for the purchase of its bonds on November 26, 1958, and to open bids on December 2, 1958. 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 applicant's financial statements shows that as of September 30, 1958, it had outstanding current liabilities in substantial amounts, its balance sheet showing total current and accrued liabilities of \$159,568,750.49, including the \$16,000,000 of short-term notes, as compared with current and accrued assets of \$127,336,713.30. It clearly appears that applicant will have need for external financing in order to obtain funds to reimburse its treasury and to pay current liabilities, thereby improving its cash position, and to enable it to proceed with its construction activities.

Accordingly, we will enter an order granting the application. The authorization here given is for the issue 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 issue and sell \$65,000,000 of First and Refunding Mortgage Bonds, Series DD, due June 1, 1990, on and after the effective date hereof and on or before December 31, 1958, at competitive bidding, at the price offered in bids received pursuant to the invitation hereinafter referred to which will result in the lowest annual cost of money to applicant determined in the manner referred to in this application.

2. The invitation for the submission of written sealed bids for the purchase of said bonds shall be given by publication not less than five days prior to the day set for the opening of the bids.

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 \$65,000,000 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

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by Section 1904(b) of the Public Utilities Code, which fee is \$19,250.

Dated at San Francisco, California, this 25th day of November, 1958.

E. J. Fox

President
E. J. Mitchell

Walter J. Goble

Theodore J. Jenner

Commissioners

