

ORIGINAL

Decision No. 66136

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 \$70,000,000 aggregate principal amount of its First and Refunding Mortgage Bonds, Series JJ, due June 1, 1996, and to use the proceeds thereof for the purposes stated in this petition.

Application No. 45814
Filed September 27, 1963

O P I N I O N

In this application, Pacific Gas and Electric Company seeks authorization to issue and sell \$70,000,000 of First and Refunding Mortgage Bonds, Series JJ, due June 1, 1996, for the purpose, generally, of repaying bank loans, of reimbursing its treasury, and of financing the cost of additions to, extensions of, and improvements to its plants, properties and facilities.

The company reports that its unreimbursed expenditures amounted to \$1,012,586,219 at July 31, 1963, and that the unexpended balance of general manager's authorizations for capital additions and improvements aggregated \$509,568,293. It estimates that during the year 1963, its capital expenditures will approximate \$224,000,000 and that approximately one-half of this amount will have to be provided from external sources. Applicant's capital ratios as of August 31, 1963, as adjusted to give effect to the proposed issue, are as follows:

Long-term debt	52%
Preferred stock	13
Common stock equity	<u>35</u>
Total	<u>100%</u>

Applicant intends to sell its new bonds at competitive bidding, the successful bid to determine the interest rate. The bonds will be dated as of June 1, 1963, will mature June 1, 1996, and will be subject to redemption, to and including May 31, 1964, at an initial redemption price equivalent to the public offering price plus 5% of the principal amount, or 105% of the principal amount, whichever is greater, plus accrued interest, and thereafter at reducing premiums subject, however, to a five-year restricted redemption provision similar to that frequently employed in bond offerings at the present time.

The Commission has considered this matter and is of the opinion, and so finds, that (1) the proposed bond issue is for proper purposes, (2) applicant will have need for funds from external sources for the purposes set forth in this application, (3) the inclusion of the five-year restricted redemption provision in the terms of the bonds will enable applicant to obtain funds at a lower annual cost than it otherwise could, (4) the money, property or labor to be procured or paid for by the issue of the bonds herein authorized is reasonably required for the purposes specified herein, and (5) such purposes, except as otherwise authorized, are not, in whole or in part, reasonably chargeable to operating expenses or to income. A public hearing is not necessary.

On the basis of the foregoing findings, we conclude that the application should be granted. The authorization thus granted is for the issue and sale of bonds 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

IT IS ORDERED that:

1. Pacific Gas and Electric Company, on or after the effective date hereof and on or before December 31, 1963, may issue and sell not to exceed \$70,000,000 aggregate principal amount of its First and Refunding Mortgage Bonds, Series JJ, due June 1, 1996, at competitive bidding to the purchaser, or purchasers, offering to it the most favorable terms as disclosed by the bids received.

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 date set for the opening of the bids.

3. Pacific Gas and Electric Company shall use the proceeds from the sale of said 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 \$70,000,000 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 thirty 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. This order and decision shall 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 \$20,500.

Dated at San Francisco, California, this 15th day of October, 1963.

J. William Bennett
President

Richard E. Doolittle

Charles W. Page

George H. Grover

Frederic B. Hallock
Commissioners

