

**ORIGINAL**

Decision No. 68224

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 \$65,000,000 aggregate principal amount of its First and Refunding Mortgage Bonds, Series KK, due December 1, 1996, and to use the proceeds thereof for the purposes stated in this petition.

Application No. 47074  
Filed October 29, 1964

O P I N I O N

In this application, Pacific Gas and Electric Company seeks authorization to issue and sell \$65,000,000 of First and Refunding Mortgage Bonds, Series KK, due December 1, 1996, for the purposes, 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 \$1,105,160,524 at August 31, 1964, and that the unexpended balance of general manager's authorizations for capital additions and improvements aggregated \$475,158,692. It estimates that during the year 1964, its capital expenditures will approximate \$243,000,000 and that approximately one-half of this amount will have to be provided from external sources. Applicant's capital ratios as of September 30, 1964, as adjusted to give effect to the proposed issue, are as follows:

Long-term debt	51%
Preferred stock	13
Common stock equity	<u>36</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 December 1, 1964, will mature December 1, 1996, and will be subject to redemption, to and including November 30, 1965, 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 and unpaid 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 finds that: (1) the proposed bond issue is for a proper purpose; (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 for accrued interest, 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 herein granted is for the issue and sale of bonds and is not to be construed as indicative of amounts to be included in proceedings 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 March 31, 1965, may issue and sell not to exceed \$65,000,000 aggregate principal amount of its First and Refunding Mortgage Bonds, Series KK, due December 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 \$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 thirty days after the issue and sale of the bonds herein authorized, Pacific Gas and Electric Company shall file with the Commission 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 \$19,250.

Dated at San Francisco, California, this 17th day of November, 1964.

Frederick B. Holcomb  
President

John S. Mitchell

Wesley L. Page

George T. Thayer

Harmon L. Bennett  
Commissioners

