

ORIGINAL

Decision No. 77313

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 applicant, among ) Application No. 51899  
 other things, to issue, sell, and ) Filed May 14, 1970  
 deliver shares of its common stock in )  
 the manner, to the amount, and for the )  
 purposes set forth herein. )  
 (Financial - Common Stock) )

O P I N I O N

Pacific Gas and Electric Company requests an order of the Commission authorizing it to issue, sell and deliver not exceeding 2,349,467 shares of its \$10 par value common stock of the aggregate par value not exceeding \$23,494,670.

The utility proposes to offer said shares to holders of its outstanding common stock in the ratio of one share for each 25 shares held. The subscription price will be at least 89% of the market price prevailing near the record date. Applicant intends to issue transferable warrants to holders of its common stock to evidence their rights to subscribe for the stock being offered. A nationwide group of underwriters would agree to purchase all unsubscribed shares at not less than the subscription price. The compensation would not exceed \$1,300,000 for underwriting the

offering and purchasing shares acquired upon the exercise of subscription warrants.

Applicant will use the stock issue proceeds for partial reimbursement of its treasury for capital expenditures, and to repay short-term loans. The company reports that at February 28, 1970, its unreimbursed capital expenditures were \$1,754,659,680. For the year 1970, the utility estimates that the cost of capital additions and improvements to its plants, properties and facilities will approximate \$400,000,000.

The company's reported capitalization percentages as of March 31, 1970, adjusted to give effect to the proposed stock issue assuming a subscription price of \$25.75 per share, are as follows:

Long-term debt	53.3%
Preferred stock	9.2
Common stock equity	<u>37.5</u>
Total	<u>100.0%</u>

After consideration the Commission finds that:

1. The proposed stock issue is for proper purposes.
2. Applicant has need for funds from external sources for the purposes set forth in the application.

3. Applicant has been successful in the past in disposing of its common stock offerings under arrangements similar to those which it is now proposing.
4. The money, property or labor to be procured or paid for by the issue of the stock herein authorized is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

On the basis of the foregoing findings we conclude that the application should be granted. A public hearing is not necessary. In issuing our order herein, we place applicant and its shareholders on notice that we do not regard the number of shares outstanding, the total par value of the shares nor the dividends paid as measuring the return it should be allowed to earn on its investment in plant, and that the authorization herein granted is not to be construed as a finding of the value of the company's stock or properties nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

#### O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company may issue, sell and deliver not exceeding 2,349,467 shares of its \$10 par value common stock upon subscription pursuant to rights evidenced by transferable warrants to be issued to the holders of record of its common stock

at the close of business on June 16, 1970, the offering to be in the ratio of one share for each 25 shares of common stock then held of record. The subscription price shall be at least 89% of

(i) the closing price of said shares on the New York Stock Exchange on June 12, 1970, or (ii) the price at which said shares are traded on the New York Stock Exchange in the last transaction prior to 12 o'clock noon Eastern Daylight Saving Time on June 15, 1970, whichever is lower.

2. Pacific Gas and Electric Company may issue and sell the unsubscribed portion of said 2,349,467 shares pursuant to an Underwriting Agreement in the same form, or in substantially the same form, as that attached to the application as Exhibit C with blanks filled in so as to result in compensation to underwriters in an amount not exceeding \$1,300,000 and a price not less than the subscription price.

3. Pacific Gas and Electric Company shall use the net proceeds to be derived through the issue and sale of said common stock to reimburse its treasury, in part, on account of capital expenditures made on or prior to February 28, 1970, and to repay any short-term loans which may be outstanding.

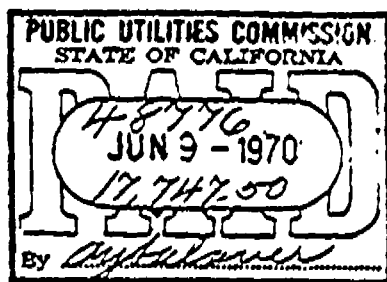
4. On or before December 31, 1970, Pacific Gas and Electric Company shall file with the Commission a statement showing the number of holders of common stock of record on June 16, 1970; the number of subscriptions by shareholders, by others who purchased

rights to subscribe, and by underwriters upon exercise of rights; the number of shares subscribed by such shareholders, by others and by underwriters during the subscription period, and the gross proceeds received; the number of unsubscribed shares purchased by underwriters; and the expenses (including underwriters' compensation) incurred by it in connection with the issue and sale of the 2,349,467 shares of stock. Such statement shall be filed in lieu of a report, or reports, under General Order No. 24-B.

5. As soon as available, Pacific Gas and Electric Company shall file with the Commission three copies of its final prospectus in connection with the offering of said shares of stock.

6. This order shall become effective when Pacific Gas and Electric Company has paid the fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$17,747.50.

Dated at San Francisco, California,  
this 9th day of JUNE, 1970.



William J. Linn  
President  
August  
R. B. Linn  
Alan L. Linn  
Vernon L. Linn  
Commissioners