

Decision No. 84330**ORIGINAL**

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, sell)
 and deliver 8,885,255 shares of common)
 stock, \$10 par value.)

Application No. 55574
 (Filed March 20, 1975)

O P I N I O N.

Pacific Gas and Electric Company seeks authority to issue, sell and deliver not exceeding 8,885,255 shares of its \$10 par value common stock.

The company proposes to offer said shares to the holders of its outstanding common stock in the ratio of one share for each eight shares held. The subscription price would be at least 85% of the last reported sale price (regular way) of the common stock on the New York Stock Exchange prior to the time the subscription price is set. Transferable warrants would be issued to holders of its common stock to evidence their rights to subscribe for the stock being offered. Under the terms and conditions of an underwriting agreement, a nationwide group of underwriters would purchase all unsubscribed shares at not less than the subscription price. The compensation would not exceed \$10,000,000 for underwriting the offering and purchasing shares acquired upon the exercise of the subscription warrants.

Applicant proposes to use the net proceeds to be derived from the issue and sale of said common stock to reimburse its treasury for capital expenditures, and thereafter to repay a portion of outstanding short-term notes issued for temporary financing of utility plant additions. The company reports unreimbursed capital

expenditures of \$2,606,576,825 at December 31, 1974, and estimates that the cost of capital additions and improvements to its plants, properties and facilities for the year 1975 will approximate \$650,000,000.

The utility's reported capitalization percentages as of December 31, 1974, adjusted to give effect to the proposed stock issue assuming a subscription price of \$19 per share, are as follows:

Long-term debt	50.8%
Preferred stock	11.9
Common stock equity	<u>37.3</u>
Total	<u>100.0%</u>

After consideration the Commission finds that:

1. The proposed stock would be for a proper purpose.
2. Applicant has need for external funds for the purpose 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 stock herein authorized is reasonably required for the purpose specified herein, which purpose is 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 8,885,255 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 April 29, 1975, the offering to be in the ratio of one share for each eight shares of common stock then held of record. The subscription price shall be at least 85% of the last reported sale price (regular way) of the common stock on the New York Stock Exchange prior to the time the subscription price is set.

2. Pacific Gas and Electric Company may issue and sell the unsubscribed portion of said 8,885,255 shares in accordance with an Underwriting Agreement 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 \$10,000,000 and a price not less than the subscription price.

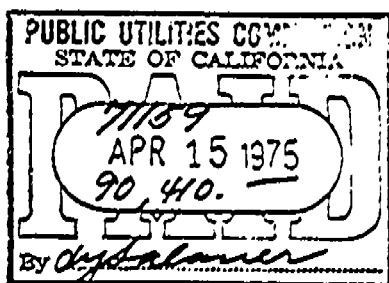
3. Pacific Gas and Electric Company shall use the net proceeds to be derived through the issue and sale of said common stock to reimburse its treasury for capital expenditures, and thereafter to repay a portion of outstanding short-term notes issued for temporary financing of additions to its utility plant.

4. On or before September 30, 1975, Pacific Gas and Electric Company shall file with the Commission a statement showing the number of holders of common stock of record on April 29, 1975; 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 not exceeding 8,825,255 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 pertaining to said 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 \$90,410.

Dated at San Francisco, California, this 15th day of APRIL, 1975.



Vernon L. Sturgeon
President
William J. [signature]
[signature]
Leonard [signature]
Robert [signature]
Commissioners