

Decision No. 85816

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 and)
 sell up to a maximum of 1,000,000)
 shares of Common Stock, \$10 par value.)

Application No. 56435
 (Filed April 27, 1976)

O P I N I O N

Pacific Gas and Electric Company seeks authority to issue and sell not exceeding 1,000,000 shares of its common stock in accordance with a Dividend Reinvestment and Stock Purchase Plan.

The proposed Dividend Reinvestment and Stock Purchase Plan would provide holders of the company's common and/or first preferred stock with a simple and convenient method of reinvesting their cash dividends and investing optional cash payments in additional new shares of the utility's common stock. Bank of America National Trust and Savings Association, or its successors or assigns, would act as agent for the participating shareholders, and would administer the plan.

The purchase price would be the average of the high and low sales prices for applicant's common stock on the composite tape, as recorded in the Pacific Coast Edition of The Wall Street Journal (subject to verification) for the period of five New York Stock Exchange trading days ending with the monthly investment date. If said exchange is closed on an investment date, the reported prices for the next preceding five trading days would be used for determining the purchase price of the shares. The utility would use the net proceeds to reimburse its treasury for capital expenditures.

Applicant's capitalization percentages as of March 31, 1976, and as adjusted to give effect to the proposed stock issue, assuming proceeds of \$25,000,000, are summarized from the application as follows:

	<u>March 31, 1976</u>	<u>Pro Forma</u>
Long-term debt	49.5%	49.3%
Preferred stock	14.4	14.3
Common stock equity	<u>36.1</u>	<u>36.4</u>
Total	<u>100.0%</u>	<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 this proceeding.
3. The Dividend Reinvestment and Stock Purchase Plan would not be adverse to the public interest.
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.
5. There is no known opposition and there is no reason to delay granting the relief requested.

On the basis of the foregoing findings we conclude that the application should be granted, and that the effective date of the order should be the date on which applicant pays the prescribed fee. 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, on or after the effective date hereof, may issue and sell not exceeding 1,000,000 shares of its common stock substantially in accordance with the Dividend Reinvestment and Stock Purchase Plan set forth in Exhibit C attached to the application.

2. Pacific Gas and Electric Company shall use the net proceeds to be derived through the issuance and sale of said common stock to reimburse its treasury for capital expenditures.

3. On or before the twenty-fifth day of the month following each quarter, Pacific Gas and Electric Company shall file with the Commission a statement for the preceding quarter showing the number of shares of common stock purchased under the Dividend Reinvestment and Stock Purchase Plan, the gross proceeds received, and the expenses incurred by it in connection with the issue and sale of the common stock. These filings shall be in lieu of reports under General Order No. 24-B.

4. 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 \$18,500.

Dated at San Francisco, California, this 11th day of May, 1976.

~~William J. ...~~ President
William J. ...
Vernon L. ...
Robert ... Commissioners

