

Decision No. 85856**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 2,000,000)
 shares of Common Stock, \$10 par value.)

Application No. 56460
 (Filed May 5, 1976)

O P I N I O N

Pacific Gas and Electric Company seeks authority to issue and sell not exceeding 2,000,000 shares of its common stock for use in connection with its Savings Fund Plan.

According to the application, the Savings Fund Plan provides the opportunity for eligible employees to make regular and systematic savings from current income by payroll deductions, and by affording them an opportunity to acquire a common stock interest in applicant, all with a view to supplementing employees' income after retirement.

The Savings Fund Plan became effective as of April 1, 1959, and was revised as of January 1, 1969. Under the plan, a participant contributes specified percentages of straight-time pay, and the trustee invests the contributions as each participant elects either (a) entirely in applicant's common stock, or (b) entirely in Series E Bonds issued by the United States Treasury, or (c) one-half in each. Each quarter the employer contributes an amount equal to one-half of all employee contributions, less any forfeitures of the preceding quarter. The trustee invests in applicant's common stock all employer contributions and income attributable thereto.

Granting of this application would enable the trustee to purchase directly from the utility new shares of applicant's common stock. The purchase price would be the average for an appropriate period of the daily high and low composite shown in the Pacific Coast Edition of The Wall Street Journal (subject to verification). The utility would use the net proceeds to reimburse its treasury for capital expenditures. Assuming proposed proceeds of \$25 per share from the sale of the new shares of common stock, the total aggregate proceeds would amount to \$50,000,000.

After consideration the Commission finds that:

1. The proposed stock would be for a proper purpose.
2. The Savings Fund Plan is not adverse to the public interest.
3. 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.
4. 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:

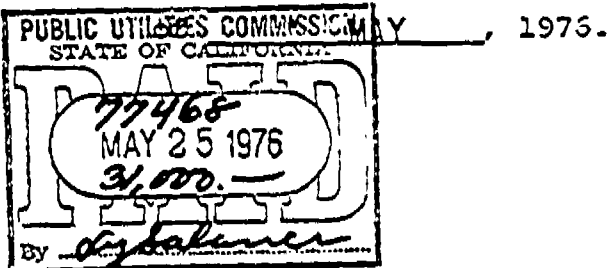
1. Pacific Gas and Electric Company, on or after the effective date hereof, may issue and sell not exceeding 2,000,000 shares of its common stock (par value \$10 per share), such stock to be offered to the trustee of the Savings Fund Plan set forth in Exhibit C attached to the application at prices to be fixed in the manner described in 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 Savings Fund 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 \$31,000.

Dated at San Francisco, California, this 25th day



Commissioner D. W. Holmes, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Leonard Ross, being necessarily absent, did not participate in the disposition of this proceeding.

President
William J. Sykes
Vernon L. Sturgeon
Robert Baker
Commissioners