

LSC

Decision No. 86343

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND )  
ELECTRIC COMPANY to issue, sell )  
and deliver 7,500,000 shares of )  
common stock, \$10 par value. )

Application No. 56702  
(Filed August 19, 1976)

O P I N I O N

Pacific Gas and Electric Company seeks authority to issue, sell and deliver not exceeding 7,500,000 shares of its \$10 par value common stock, and to use the net proceeds to reimburse its treasury for capital expenditures.

The company's capitalization ratios on June 30, 1976, and as adjusted to give effect to the proposed common stock issue (assuming a price of \$22 per share), are summarized from the application as follows:

	<u>June 30,</u> <u>1976</u>	<u>Pro</u> <u>Forma</u>
Long-term debt	49.3%	48.0%
Preferred stock	14.3	13.9
Common stock equity	<u>36.4</u>	<u>38.1</u>
Total	<u>100.0%</u>	<u>100.0%</u>

On or about September 15, 1976, applicant expects to enter into an underwriting agreement pursuant to which a nationwide group of underwriters would purchase not exceeding 7,500,000 shares of its common stock with the intention of offering the stock to the public. In no event would the price

of the common stock to be paid to applicant be less than 90% of the last reported sales price (regular way) of the company's common stock on the New York Stock Exchange prior to the time said price is fixed.

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 money, property or labor to be procured or paid for by the issue and sale of the shares of common 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. 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 7,500,000 shares of its common stock (par value \$10 per share) on terms and conditions to be negotiated with underwriters in accordance with the application.

2. 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.

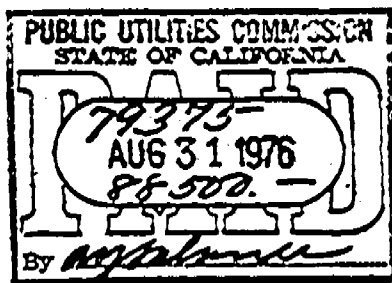
3. Promptly after Pacific Gas and Electric Company ascertains the price to be paid to it for the common stock herein authorized, and the related underwriting spread, the company shall notify the Commission of each in writing.

4. As soon as available, Pacific Gas and Electric Company shall file with the Commission three copies of its final prospectus pertaining to said stock.

5. Within one month after issuing and selling the stock herein authorized, Pacific Gas and Electric Company shall file with the Commission a statement, in lieu of a report under General Order No. 24-B, disclosing the purpose to which the stock proceeds were applied.

6. This order shall become effective on the date of payment of the fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$88,500.

Dated at San Francisco, California, this 31<sup>st</sup> day of AUGUST, 1976.



*[Signature]* President  
*[Signature]*  
*[Signature]*  
*[Signature]*  
*[Signature]* Commissioners