

ORIGINAL

Decision 84 C9 002 SEP 6 1984

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND  
ELECTRIC COMPANY to issue and sell  
not exceeding 20,000,000 shares of  
Common Stock, \$5 par value, in  
connection with the Savings Fund  
Plan.

Application 84-07-044  
(Filed July 13, 1984)

O P I N I O N

Pacific Gas and Electric Company (PG&E) requests  
authority, under Public Utilities (PU) Code Sections 816 through  
818, for the following:

1. To issue and sell up to 20,000,000 shares of  
its Common Stock, \$5 par value, in connection  
with its Savings Fund Plan;
2. To use the net proceeds to be derived through  
the issuance and sale of the common stock to  
partially reimburse PG&E for capital additions  
and improvements to its utility plant; and
3. To modify the requirements of General Order  
Series 24 to permit the filing of the required  
reports on a quarterly basis.

Summary of Decision

This decision grants PG&E the authority requested in  
its application.

Notice of the filing of the application appeared on the  
Commission's Daily Calendar of July 19, 1984. No protests have  
been received.

PG&E, a California corporation, operates as a public utility under the jurisdiction of this Commission. PG&E generates, purchases, transmits, and sells electric energy and purchases, transports, distributes, and sells natural gas to 47 counties in central and northern California. The company also provides a small amount of incidental water and steam services.

For the 12 months ended March 31, 1984, PG&E reported total operating revenues of \$6,427,452,000 and net income of \$845,384,000 as shown in its Income Statement submitted to the Commission on July 19, 1984.

Attached to the application, as part of Exhibit A, is PG&E's Balance Sheet as of March 31, 1984 summarized as follows:

<u>Assets</u>	<u>Amount</u>
Net Utility Plant	\$12,004,009,000
Gas Stored Underground-	
Noncurrent	17,114,000
Other Property and Investments	504,864,000
Current and Accrued Assets	1,468,593,000
Deferred Debits	<u>389,027,000</u>
Total	\$14,383,607,000
<u>Liabilities and Equity</u>	
Common Equity	\$ 5,031,318,000
Preferred Stock	1,687,451,000
Long-Term Debt	5,327,185,000
Current and Accrued Liabilities	1,492,222,000
Deferred Credits	<u>845,431,000</u>
Total	\$14,383,607,000

Proposed Common Stock Issue

PG&E proposes to issue, sell, and deliver up to 20,000,000 shares of its Common Stock, \$5 par value, for use in connection with the Savings Fund Plan (the Plan), a copy of which is annexed to the application as Exhibit C. The Plan went into effect on April 1, 1959 and has since been amended from time to time. In Decisions (D.) 82-08-013 and 83-05-063, dated August 4, 1982 and May 18, 1983, respectively, the Commission approved the issuance and sale of up to 20,000,000 shares of PG&E's common stock (adjusted for a two-for-one common stock split effective in June 1983) in connection with the Plan. PG&E estimates that all of those shares will have been issued later this year.

As more fully set forth in Exhibit C, attached to the application, the Plan consists of Part I, Part II, and Part III. Part I applies solely to management employees; Part II applies solely to non-management employees; and Part III pertains to the Tax Reduction Act Stock Ownership Plan Fund (TRASOP) which has been combined with a new payroll-based Stock Ownership Plan Fund (PAYSOP Fund). All employees (management and non-management) participate in Part III of the Plan.

All employees may contribute up to 14% of their covered compensation to the Plan, although their employer will only match up to 6% of such compensation, depending on the number of years of

service. Participants may elect to have their contributions invested entirely in either the Company Stock Fund; the United States Bond Fund; the Diversified Equity Fund; the Money-Market Investment Fund; the Guaranteed Income Fund; or split among two or more funds, as more fully described in the Plan. All employer contributions made to the Plan are invested in PG&E's common stock.

Effective with the tax year 1983, the Economic Recovery Tax Act of 1981 (ERTA) eliminated the additional qualified investment credits which funded the TRASOP Fund. As permitted by ERTA, PG&E has established a PAYSOP Fund for all eligible employees effective with tax year 1983. PG&E is entitled to claim a tax credit if it contributes the company's common stock or cash for the purchase of company common stock equal to a specified percentage of the aggregate compensation earned by all eligible employees for the Plan year. The applicable PAYSOP percentage under current provisions of the Internal Revenue Code, for Plan years 1983 and 1984, is 0.5 percent. For Plan years 1985, 1986, and 1987, the applicable percentage is 0.75 percent. The PAYSOP tax credit is scheduled to expire after tax year 1987.

All such PAYSOP contributions made by PG&E and other employers for a year are allocated among all eligible employees who received covered compensation at any time during that year without regard to whether or not they contributed to the Plan.

Whenever the Trustee of the Plan is directed to invest cash in PG&E's common stock, the Trustee is directed to purchase PG&E's common stock either (a) directly from PG&E, (b) at a public sale on a recognized stock exchange, or (c) from a private source at a price no higher than the price would have been payable under (b) above.

If and when such purchases of PG&E's common stock are made directly from PG&E for the Company Stock Fund, the Plan provides that the Trustee shall pay a price which shall be the average of the mid-points of the daily high and low composite prices as shown in the Pacific Coast Edition of The Wall Street Journal (subject to verification) for a two-week period or a monthly period as appropriate, depending on which basis a participant is paid, so that on an annual basis the price of PG&E's common stock will be the average of the daily high and low composite for each trading day of the year. If and when these purchases are made from dividends, the Trustee shall purchase PG&E's common stock at a price which shall be the average of the daily high and low composite shown in the Pacific Coast Edition of The Wall Street Journal (subject to verification) for the five trading days immediately preceding receipt of the dividends.

The price to the Trustee of all PG&E's common stock allocated to the PAYSOP Fund will be the average of the closing prices on the New York Stock Exchange for the 20 consecutive

trading days immediately preceding the date PG&E transfers the common stock, or cash, to the PAYSOP Fund.

Request for Exemption From General Order Series 24

PG&E is unable to state the total number of eligible employees who will purchase shares of common stock through the Plan. Accordingly, PG&E requests authorization to be relieved of the necessity of complying with the Commission's General Order Series 24. In lieu of a report, or reports, under the general order, PG&E proposes to file, on or before the 25th day of the month following each quarter, a statement for the preceding quarter showing the number of shares of common stock purchased under the Plan, the gross proceeds received, and the expenses incurred by it in connection with the issuance and sale of the common stock under the Plan. This proposal is consistent with the reports requested by the Commission for PG&E's Dividend Reinvestment and Common Stock Purchase Plan, and the Shelf Registration Program.

The Commission's Evaluation and Compliance Division has reviewed PG&E's request and has concluded that an exemption from strict compliance with General Order Series 24 should be granted.

Use of Proceeds

Proceeds from the sale of the common stock would be used to partially reimburse PG&E for capital additions and improvements to its utility plant.

Capital Ratios

PG&E's capital ratios reported as of March 31, 1984 are shown below as recorded and as adjusted to give pro forma effect to the transactions that follow:

	<u>March 31, 1984</u>	<u>Pro Forma</u>
Long-Term Debt	43.8%	43.7%
Preferred Stock	14.1	13.5
Common Equity	42.1	42.8
Total	<u>100.0%</u>	<u>100.0%</u>

1. The proposed issuance of up to 20,000,000 shares of PG&E's Common Stock, \$5 par value, at the assumed price of \$13.625 per share, in connection with the Savings Fund Plan and estimated to produce net proceeds of \$272,500,000;
2. The sale of approximately 2,450,000 shares of common stock issued in connection with the Savings Fund Plan producing net proceeds of approximately \$32,400,000 during the second quarter of 1984 (D.82-08-013 and D.83-05-063 dated August 4, 1982 and May 18, 1983, in A.82-06-54 and A.83-04-31);
3. The sale of approximately 1,836,000 shares of common stock issued in connection with the Dividend Reinvestment and Common Stock Purchase Plan producing net proceeds of approximately \$24,000,000 during the second quarter of 1984 (D.93638 and D.83-05-063 dated October 20, 1981 and May 18, 1983, in A.60897 and A.83-04-31);
4. The sale of \$250,000,000 aggregate principal amount of the Series 84A Bonds on April 2, 1984 (D.83-09-072 dated September 30, 1983 in A.83-08-37); and
5. The retirement of \$20,281,000 principal amount of the Series X Bonds on June 1, 1984 (D.49975 dated April 27, 1954 in A.35361).

The Commission's Evaluation and Compliance Division has reviewed PG&E's application and has no objection to PG&E's proposal to issue its Common Stock, \$5 par value, for the purposes specified in the application.

Findings of Fact

1. PG&E, a California corporation, operates as a public utility under the jurisdiction of this Commission.
2. PG&E has need for external funds for the purposes set forth in the application.
3. The proposed issue of common stock would be for proper purposes.
4. The money, property, or labor to be procured or paid for by the issue of the common stock is reasonably required for the purposes specified in the application.
5. In respect to the proposed issuance and sale of common stock, PG&E should be relieved of the necessity of complying with the requirements of the Commission's General Order Series 24 in lieu of a quarterly filing.
6. There is no known opposition and there is no reason to delay granting the relief requested.

Conclusions of Law

1. A public hearing is not necessary.
2. The application should be granted to the extent set forth in the order which follows.



The proposed security issue is for lawful purposes and the money, property, or labor to be obtained by it is required for these purposes. Proceeds from the security issue may not be charged to operating expenses or income.

The number of shares outstanding, the total par value of the shares, and the dividends paid do not determine allowable return on plant investment. This authorization is not a finding of the value of PG&E's stock or property, nor does it indicate the amounts to be included in ratesetting proceedings.

The following order shall be effective on the date of signature and payment of the fee set by PU Code Section 1904.1 to enable PG&E to issue its common stock expeditiously.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company (PG&E), on or after the effective date of this order, may issue and sell up to 20,000,000 shares of its Common Stock, \$5 par value, in connection with the Savings Fund Plan (Plan), such stock to be offered to the Trustee of the Plan upon terms and conditions substantially consistent with those set forth in, or contemplated by, Exhibit C attached to the application.

2. PG&E is relieved of the necessity of filing reports under General Order Series 24. In place of this requirement, PG&E shall file with the Commission, on or before the 25th of the month

following each quarter, a statement for the preceding quarter showing the number of shares of common stock sold in connection with the Plan, the gross proceeds received, and the expenses incurred by it in connection with the issuance and sale of the common stock.

3. PG&E shall use the proceeds from the sale of its common stock for the purposes specified in the application.

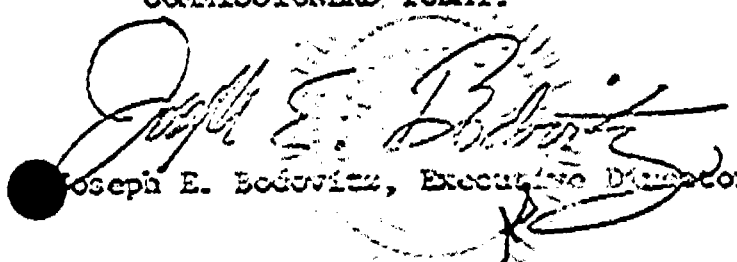
4. The authority granted by this order will become effective when PG&E pays \$142,250, the fee set by PU Code Section 1904.1. In all other respects, this order is effective today.

Dated SEP 6 1984 at San Francisco, California.

LEONARD M. GRIMES, JR.  
President

VICTOR CALVO  
PRISCILLA C. GREW  
DONALD VIAL  
WILLIAM T. BAGLEY  
Commissioners

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

  
Joseph E. Bodovitz, Executive Director

