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Decision No. 50874 OCT 10 1979

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND ELECTRIC)
COMPANY for an order modifying Decision)
No. 83597 dated October 16, 1974 (as)
extended by Decision Nos. 84932 dated)
September 23, 1975 and 88227 dated)
December 13, 1977) authorizing it to)
issue short-term notes in a principal)
amount of \$202,881,740 in excess of)
that authorized by Public Utilities)
Code Section 823(c) and prior)
Commission authorization.)

Application No. 59079
(Filed August 21, 1979)

O P I N I O N

Pacific Gas and Electric Company (PGandE) by this application requests authority (a) to further modify Decision No. 83597, dated October 16, 1974 as extended by Decisions Nos. 84932, dated September 23, 1975 and 88227, dated December 13, 1977 both in Application No. 55210 and (b) for authority to issue short-term notes in a principal amount of \$202,881,740 in excess of that previously authorized, in view of the limitation placed on issuing short-term notes by Public Utilities Code Section 823(c).

Authority is sought pursuant to Section 832(c) of the Public Utilities Code. Notice of the filing of the application appeared on the Commission's Daily Calendar of August 22, 1979.

PGandE is making extensive additions and improvements to its facilities and a substantial amount of expenditures remain unreimbursed at this time.

PGandE's capital expenditures which have not been reimbursed from the sale of securities are set forth in Exhibit B attached to the application, and are summarized in the following tabulation which covers the period May 31 to June 30, 1979:

	<u>Thousands of Dollars</u>
Unreimbursed capital expenditures at May 31, 1979	\$1,143,544
<u>Additions:</u>	
Net capital expenditures during the period June 1, 1979 to June 30, 1979	\$ 62,359
Bonds matured or purchased for sinking fund:	
Purchased for sinking fund - at cost	6,273
Payments of bank loans and notes payable	<u>327,504</u>
Total Additions	<u>396,136</u>
Subtotal	\$1,539,680
<u>Deductions:</u>	
Reimbursement received:	
Proceeds from bank loans and notes payable	280,715
Common stock issued	2,795
Bonds issued	197,750
Accumulated provision for depreciation- increase	<u>17,204</u>
Total Deductions	<u>498,464</u>
Unreimbursed capital expenditures at June 30, 1979	<u>\$1,041,216</u>

At May 31, 1979, the unexpended balance of General Manager's authorizations for capital additions and improvements to PGandE's properties under construction amounted to \$2,070,429,498, composed of the following items:

<u>General Manager's Authorizations</u>	<u>Aggregate Amounts</u>
Electric	\$1,682,227,217
Gas	155,215,007
Water	660,317
Steam Sales	364,731
Utility Plant Held for Future Use	23,453,716
Common Utility	<u>208,508,510</u>
TOTAL	<u>\$2,070,429,498</u>

Expenditures for capital purposes in 1979 are expected to be approximately \$975,000,000.

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In order to obtain sufficient cash for temporary financing of its construction program, PGandE anticipates it will be necessary to borrow prior to December 31, 1981, through the issuance and sale of short-term obligations payable at periods of not more than twelve months of the date of issuance, an aggregate principal amount of not to exceed \$700,000,000. The aggregate principal amount is \$402,127,590 in excess of the aggregate amount of 5% of the total of the par value of PGandE's securities outstanding as of June 30, 1979, as shown on the following summary of Exhibit C, attached to the application.

<u>Description</u>	<u>Amount</u>
Common Stock (102,336,359 shares at \$10 par value)	\$1,023,363,590
Preferred Stock (44,098,025 shares at \$25 par value)	<u>1,102,450,625</u>
TOTAL STOCK	\$2,125,814,215
Mortgage Bonds	<u>3,831,634,000</u>
TOTAL	<u>\$5,957,448,215</u>
5% of Total	<u>\$ 297,872,410</u>
Anticipated aggregate amount of short-term notes needed	<u>\$ 700,000,000</u>
5% allowed by PUC Code Section 823(c)	297,872,410
Amount authorized by Decision No. 83597, dated October 16, 1974 in Application No. 55210 as amended	199,245,850
Additional authority requested in this application	<u>202,881,740</u>
TOTAL	<u>\$ 700,000,000</u>

PGandE, at the present time, has Commission authorization to incur \$199,245,850 of short-term indebtedness in excess of 5% allowed by Section 823(c) of the Public Utilities Code, (Application No. 55210, Decision No. 83597, as extended by Decisions Nos. 84932 and 88227). By letter dated July 17, 1979, PGandE requested that the Commission authorize a permanent extension of the present excess authorization of \$199,245,850. The authorization for that amount will expire on December 31, 1979.

The magnitude of PGandE's cash requirement during certain times of the year and the large amounts of the various balancing accounts have resulted in the amount of short-term notes outstanding periodically exceeding the amount authorized by Section 823(c) of the Public Utilities Code. In addition, the increased short-term authorization allows greater flexibility in the timing of security offerings to avoid disruptions in the securities markets, and provides the capability to quickly expand short-term notes in the event of delay or cancellation of security offerings.

All or part of PGandE's short-term obligations, including those proposed to be issued pursuant to the authority requested by this application, will be evidenced by short-term notes and renewal or refunding short-term notes bearing interest based on the prime rate of banks, commercial paper and other short-term borrowing sources at the lowest interest rate available to PGandE. PGandE currently has lines of credit based on the prime rate of banks in excess of \$320,000,000 and is informed and believes that additional lines of credit and other short-term borrowing sources that would make PGandE's credit lines equal to \$700,000,000 are readily available.

During the period that the authority hereby being sought is effective, PGandE proposes to repay a portion of its short-term obligations from time-to-time out of funds available from internal sources and the proceeds of sales of additional securities, including renewal or refunding short-term obligations. If PGandE deems it necessary and appropriate to renew or refund a previously outstanding short-term obligation through the issuance and sale of additional short-term

obligations, the combined terms of the original obligation and the renewal or refunding obligation or obligation shall not exceed a period of twelve months and no renewal or refunding obligation shall be issued more than twelve months after the date of issue of the original obligation.

The Revenue Requirements Division of the Commission's staff has reviewed the application and concludes that the proposed additional short-term financing is appropriate in the circumstances.

The Revenue Requirements Division also reviewed PGandE's construction budget and has no objection to the proposed short-term financing. However, the Division reserves the right to consider the reasonableness of construction expenditures in future rate proceedings.

Findings of Fact

1. PGandE petitions the Commission to modify its Decision No. 83597, as extended, to authorize the company to issue and sell its short-term obligations in an aggregate principal amount of \$199,245,850 in excess of the authorization provided in Section 823(c) of the Public Utilities Code.

2. PGandE also requests authority to issue and sell additional short-term obligations in an aggregate principal amount of \$202,881,740 in excess of the authorization provided in Section 823(c) of the Public Utilities Code.

3. The proposed extension of time and increase in principal amount authorized would be for a proper purpose.

4. PGandE has need for external funds for the purpose set forth in this application.

5. The money, property or labor to be procured or paid for by the short-term notes 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.

6. There is no known opposition and no reason to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.
2. On the basis of the foregoing findings we conclude that the matters set forth in PGandE's application should be granted to the extent set forth in the order which follows.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company may issue short-term obligations in the amount of \$202,881,740 in addition to the \$199,245,850 previously authorized by Decision No. 83597, dated October 16, 1974, in Application No. 55210 as extended, for a total of \$402,127,590, in excess of the limitation of Public Utilities Code Section 823(c), for the purposes and in accordance with the conditions set forth in the application.

2. Decision No. 83597, dated October 16, 1974, in Application No. 55210 as extended, is further modified to authorize Pacific Gas and Electric Company, on or after the effective date hereof and on or before December 31, 1981, to issue and sell its short-term obligations in an aggregate principal amount of \$402,127,590.

3. On or before the tenth day of each month Pacific Gas and Electric Company shall file with the Commission a summary for the preceeding month showing the aggregate amount of notes issued hereinunder, and the purposes for which they were issued. The filing shall be in lieu of reports under General Order No. 24-B.

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4. This order shall become effective when Pacific Gas and Electric Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$101,441.

Dated OCT 10 1979, at San Francisco, California.

John E. Guynn
President

Stephen L. Stappan
Richard D. Kivale

Richard M. [unclear]
Commissioners

Commissioner Claire T. Dadrick, being necessarily absent, did not participate in the disposition of this proceeding.

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
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BY [Signature]