

ORIGINAL

Decision No. 91196

JAN 8 - 1988

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 modified by Decision No. 90847 dated October 10, 1979) authorizing it to issue short-term notes in a principal amount of \$293,520,543 in excess of that authorized by Public Utilities Code Section 823(c) and prior Commission authorization.

Application No. 59291  
(Filed November 20, 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 in Application No. 55210, as modified by Decision No. 90874, dated October 10, 1979 in Application No. 59079, and (b) for authority to issue short-term notes in a principal amount of \$293,520,543 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 823(c) of the Public Utilities Code. Notice of the filing of the application appeared on the Commission's Daily Calendar of November 26, 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 C, attached to the application, and are summarized in the following tabulation which covers the period July 1 to September 30, 1979:

	<u>Thousands of Dollars</u>	
Unreimbursed Capital Expenditures at June 30, 1979		\$1,041,216
<u>Additions:</u>		
Net Capital Expenditures During the the Period July 1, 1979 to September 30, 1979	\$266,340	
Bonds Matured or Purchased for Sinking Fund:		
Purchased for Sinking Fund - at Cost	7,829	
Payments of Bank Loans and Notes Payable	<u>788,866</u>	
Total Additions		<u>1,063,035</u>
Subtotal		\$2,104,251
<u>Deductions:</u>		
Reimbursement Received:		
Proceeds from Bank Loans and Notes Payable	835,171	
Common Stock Issued	18,044	
Preferred Stock Issued	150,000	
Accumulated Provision for Depreciation-Increase	<u>43,705</u>	
Total Deductions		<u>1,046,920</u>
Unreimbursed Capital Expenditures at September 30, 1979		<u><u>\$1,057,331</u></u>

At September 30, 1979, the unexpended balance of General Manager's authorizations for capital additions and improvements to PGandE's properties under construction amounted to \$2,635,556,000, composed of the following items:

<u>General Manager's Authorizations</u>	<u>Aggregate Amounts</u>
Electric	\$2,400,614,000
Gas	166,136,000
Miscellaneous	<u>68,806,000</u>
Total	<u><u>\$2,635,556,000</u></u>

Expenditures for capital purposes in 1980 are expected to be approximately \$880,000,000.

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 from the date of issuance, an aggregate principal amount of not to exceed \$1,000,000,000. The aggregate principal amount is \$695,648,133 in excess of the aggregate amount of 5% of the total of the par value of PGandE's securities outstanding as of September 30, 1979, as shown on the following summary of Exhibit D, attached to the application.

<u>Description</u>	<u>Amount</u>
Common Stock (103,106,371 shares at \$10 par value)	\$1,031,063,710
First Preferred Stock (44,098,025 shares at \$25 par value)	1,102,450,625
\$100 First Preferred Stock (1,500,000 shares at \$100 par value)	<u>150,000,000</u>
Total Stock	\$2,283,514,335
Mortgage Bonds	<u>3,803,523,000</u>
Total	<u>\$6,087,037,335</u>
5% of Total	<u>\$ 304,351,867</u>
Anticipated aggregate amount of short-term notes needed	<u>\$1,000,000,000</u>
5% allowed by FUC Code Section 823(c)	\$ 304,351,867
Amount authorized by Decision No. 90874 dated October 10, 1979 in Application No. 59079	402,127,590
Additional authority requested in this application	<u>293,520,543</u>
Total	<u>\$1,000,000,000</u>

PGandE, at the present time, has Commission authorization to incur \$402,127,590 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 modified by Decision No. 90847). The authorization for that amount will expire on December 31, 1981.

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 proceeding, 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 \$600,000,000 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 \$1,000,000,000 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 further modify its Decision No. 83597, as modified in Decision No. 90847, which authorized the company to issue and sell its short-term obligations in an aggregate principal amount of \$402,127,590 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 \$293,520,543 in excess of the authorization provided in Section 823(c) of the Public Utilities Code and prior Commission authorization.

3. The proposed increase in principal amount authorized would be for proper purposes.

4. PGandE has need for external funds for the purposes set forth in the 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 purposes specified herein, which purposes are 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, on or after the effective date hereof and on or before December 31, 1981, in the amount of \$293,520,543 in addition to the \$402,127,590 previously authorized by Decision No. 83597, dated October 16, 1974 in Application No. 55210 (as modified by Decision No. 90874 dated October 10, 1979 in Application No. 59079), for a total of \$695,648,133, 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. 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.

3. 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 \$146,760.

Dated JAN 8 - 1980, at San Francisco, California.

*John E. Boyer*  
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President

*William L. Steiner*  
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*Richard W. Hovde*  
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*Robert J. Edwards*  
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*Edward J. Ginn*  
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Commissioners

