

ORIGINAL

Decision 93269 JUL 7 1981

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND)
ELECTRIC COMPANY to issue and sell)
not exceeding 750,000 shares of)
\$100 First Preferred Stock, \$100)
par value)

Application 60632
(Filed June 5, 1981)

O P I N I O N

Pacific Gas and Electric Company (PGandE) requests authority under Sections 816 and 818 of the Public Utilities Code, to issue and sell up to 750,000 shares of First Preferred Stock, \$100 par value.

Notice of the filing of the application appeared on the Commission's Daily Calendar of June 10, 1981. No protests have been received.

PGandE, a California corporation, operates as a public utility under the jurisdiction of this Commission. PGandE engages in the business of generating, purchasing, transmitting, and selling electricity and of purchasing, transporting, transmitting and selling 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, 1981, PGandE reports it generated total operating revenues of \$5,232,891,000 and net income of \$525,220,000.

The application states that PGandE proposes to issue and sell 750,000 shares of its First Preferred Stock, \$100 par value, on a negotiated basis through private placement. The terms and conditions of the offering, such as dividend rate, and any special features relating to redemption (including sinking fund), and the precise number of shares will be determined by PGandE's chairman of the board, president, executive vice president, or vice president-finance, and treasurer.

The company intends to use the net proceeds to be derived from the issue and sale of the Preferred Stock to partially reimburse its treasury for capital expenditures, and thereafter to repay a portion of outstanding short-term notes issued for temporary financing of capital additions and improvements to its utility plant.

As of April 30, 1981, PGandE's construction expenditures unreimbursed from the sale of securities amounted to \$1,041,235,000 as shown in Exhibit B attached to the application. PGandE's unexpended balance of General Manager's Authorizations for capital additions and improvements under construction as of March 31, 1981

totaled \$2,816,860,486 of which \$1,297,000,000 is estimated to be spent in calendar year 1981. The distribution of the above construction budget is summarized as follows:

<u>Purpose</u>	<u>Amount</u>
Electric Plant	\$2,652,643,682
Gas Plant	105,511,171
Water Plant	393,561
Steam Sales	618,499
Utility Plant Held for Future Use	20,517,038
Common Utility Plant	<u>37,176,535</u>
Total	\$2,816,860,486

PGandE's capital ratios as of March 31, 1981, adjusted below to give effect to the following:

1. The proposed sale of 750,000 shares of PGandE's First Preferred Stock, \$100 par value, at the assumed price of \$100 per share estimated to produce net proceeds of \$75,000,000;
2. The proposed sale of PGandE's First and Refunding Mortgage Bonds^{1/} in the aggregate principal amount of \$75,000,000;
3. The proposed sale of \$200,000,000 aggregate principal amount of debt securities in connection with a Eurobond offering;^{2/}

1/ Subject of Application (A.) 60591, filed May 22, 1981, currently before the Commission for decision.

2/ Subject of A.60613, filed June 1, 1981, currently before the Commission for decision.

4. The issue and sale of \$250,000,000 aggregate principal amount of First and Refunding Mortgage Bonds, Series 81A, in April 1981 D.92668, dated February 4, 1981, in A.60154; and
5. The issue and sale of \$60,000,000 aggregate principal amount of First and Refunding Mortgage Bonds, Pollution Control Series B and C, in May 1981 (D.92118, dated August 19, 1980, in A.59803).

are as follows:

	<u>March 31, 1981</u>	<u>Pro Forma</u>
Long-Term Debt	43.37	46.37
Preferred Stock	16.2	15.9
Common Equity	<u>40.5</u>	<u>37.8</u>
Total	100.0%	100.0%

The Commission's Revenue Requirements Division has reviewed PGandE's construction program and has concluded the utility's estimated construction program is necessary. The Division has no objections to the proposed security issue specified in the application; however, the Division reserves the right to reconsider the reasonableness of any construction expenditures in future rate proceedings.

Findings of Fact

1. PGandE, a California corporation, operates under the jurisdiction of this Commission.
2. The proposed Preferred Stock issue is for proper purposes.

3. PGandE has need for external funds for the purposes set forth in the application.

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

5. There is no known opposition to this proceeding and no reason to delay granting the authority 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 number of shares outstanding, the total par (stated) 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 the utility's stock or property, nor does it indicate the amounts to be included in ratesetting proceedings.

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, up to the aggregate amount of 750,000 shares of its First Preferred Stock, \$100 par value, on substantially the terms and conditions contemplated by the application.

2. Pacific Gas and Electric Company shall use the net proceeds from the sale of its First Preferred Stock for the purposes set forth in the application.

3. Promptly after Pacific Gas and Electric Company ascertains the dividend rate and the price to be paid to the company for the First Preferred Stock, the utility shall notify the Commission of each in writing.

4. Pacific Gas and Electric Company shall file the reports required by General Order Series 24.

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5. This order shall be effective upon payment of the \$43,500 fee prescribed by Section 1904.1 of the Public Utilities Code.

Dated JUL 7 1981, at San Francisco, California.

John E. Byrne

President

Richard D. Gravelle

Commissioner

William C. Green

Commissioner

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

