

RR/TC/RZE/WPSC

Decision 9363S OCT 20, 1981

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND )  
 ELECTRIC COMPANY to issue and sell )  
 up to a maximum of 10,000,000 )  
 shares of Common Stock, \$10 par )  
 value for use in connection with )  
 the Dividend Reinvestment and )  
 Common Stock Purchase Plan. )

Application 60897  
 (Filed September 14, 1981)

O P I N I O N

Pacific Gas and Electric Company (PGandE) requests authority under Public Utilities (PU) Code Sections 816 through 818 to issue and sell up to 10,000,000 shares of its common stock in accordance with its Dividend Reinvestment and Common Stock Purchase Plan (Plan).

Notice of the filing of the application appeared on the Commission's Daily Calendar of September 18, 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 6 months ended June 30, 1981, PGandE reports it generated total operating revenues of \$2,829,320,000 and net income of \$270,728,000, according to Exhibit A attached to the application.

PGandE intends to offer the proposed shares to the holders of its common and first preferred stock under its Plan, a copy of which was attached as Exhibit D to Application (A.)59563. By this application PGandE seeks authority to issue an additional 10,000,000 shares of common stock under the Plan. The Commission has previously authorized<sup>1/</sup> 6,000,000 shares of common stock in connection with the Plan.

The Plan provides holders of the company's common and/or first preferred stock with a simple and convenient method of reinvesting their cash dividends and investing optional cash payments in additional new shares of PGandE's common stock. PGandE, or its successors or assigns, acts as agent for the participating shareholders and administers the Plan.

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<sup>1/</sup> Decision (D.) 91911, dated June 17, 1980 in A.59563; D.88712, dated April 18, 1978 in A.57905; D.85816, dated May 11, 1976 in A.56435.

The purchase price of the stock would be the average of the daily high and low sales prices for PGandE's common stock on the composite tape, as recorded in the Pacific Coast Edition of the Wall Street Journal for the period of five New York Stock Exchange trading days ending with the monthly investment date. Should the exchange be closed on an investment date, the reported prices for the next preceding five trading days would be used for determining the purchase price of the shares. Stock issued under the Plan would not be sold at less than its par value of \$10 per share.<sup>2/</sup>

PGandE intends to use the net proceeds from the issue and sale of the common 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 additions to its utility plant.

As of July 31, 1981, PGandE's construction expenditures unreimbursed from the sale of securities amounted to \$893,415,000 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 July 31, 1981

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<sup>2/</sup> On September 25, 1981, PGandE's common stock closed at 22-1/8.

totaled \$2,960,315,539 of which \$1,280,000,000 is estimated to be spent in the calendar year 1981. The distribution of the above construction budget is summarized as follows:

<u>Purpose</u>	<u>Amount</u>
Electric	\$2,811,614,853
Gas	104,427,700
Water	544,553
Steam Sales	455,215
Utility Plant Held for Future Use	20,504,084
Common Utility	22,769,134
Total	<u>\$2,960,315,539</u>

PGandE's capital ratios as of June 30, 1981, adjusted below to give effect to the following:

1. The proposed sale of 10,000,000 shares of PGandE's common stock, \$10 par value, at an assumed price of \$24.00 per share, for use in connection with the Plan;
2. The sale of PGandE's First and Refunding Mortgage Bonds in the aggregate principal amount of \$75,000,000 of which \$45,000,000 were issued on August 26, 1981 (D.93384 dated August 4, 1981 in A.60591);
3. The issue and sale of 75,000,000, aggregate principal amount of debt securities in connection with a Eurobond offering (D.93265 dated July, 1981 in A.60613);
4. 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 (D.93269 dated July 7, 1981 in A.60632);

5. The proposed sale of 10,000,000 shares of PGandE's common stock, \$10 par value, at an assumed price of \$23.00 per share estimated to produce net proceeds of \$230,000,000; (A.60925 filed September 23, 1981, currently before the Commission for decision); and
6. The proposed sale of PGandE's First and Refunding Mortgage Bonds, in the aggregate principal amount of \$250,000,000 (A.60927 filed September 23, 1981, currently before the Commission for decision)

are as follows:

	<u>June 30, 1981</u>	<u>Pro Forma</u>
Long-Term Debt	43.6%	43.5%
Preferred Stock	16.0	15.3
Common Stock Equity	<u>40.4</u>	<u>41.2</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 common stock issue is for proper purposes.
3. PGandE has need for external funds for the purposes set forth in the application.
4. The Plan would not be adverse to the public interest.
5. The proposed common stock issue is for lawful purposes and the money, property, or labor to be obtained by it is required for these purposes. Proceeds from the common stock issue may not be charged to operating expenses or income.
6. 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 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 PGandE'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, (PGandE), on or after the effective date of this order, may issue and sell up to 10,000,000 shares of its common stock, \$10 par value, substantially in accordance with the Dividend Reinvestment and Common Stock Purchase Plan, a copy of which was filed April 1, 1980 as Exhibit D to A.59563.

2. PGandE shall use the net proceeds from the sale of its common stock for the purposes set forth in the application.

3. On or before the 25th day of the month following each quarter, PGandE shall file with the Commission a statement for the preceding quarter showing the number of shares of common stock purchased under the Dividend Reinvestment and Common Stock Purchase Plan, the gross proceeds received, and the expenses incurred by it in connection with the issue and sale of the common stock. These filings shall be in lieu of reports required under General Order Series 24.

4. The authority granted by this order to issue common stock will become effective when PGandE pays \$126,000, the fee set by PU Code Section 1904.1. In all other respects this order becomes effective 30 days from today.

Dated OCT 20 1981, at San Francisco, California.

JOHN E. BRYSON  
President  
RICHARD D GRAVELLE  
LEONARD M. GRIMES, JR.  
VICTOR CALVO  
PRISCILLA C. GREW  
Commissioners

*I certify that this decision was approved  
by the Labor Commissioners today.*  
*John E. Bryson*

