

ORIGINAL

Decision 93730 NOV 13 1981

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND)	
ELECTRIC COMPANY to issue and sell)	Application 60925
not exceeding 10,000,000 Shares of)	(Filed September 23, 1981)
Common Stock, \$10 par value.)	

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 to issue and sell up to 10,000,000 shares of its common stock having a par value of \$10 per share.

Notice of the filing of the application appeared on the Commission's Daily Calendar of September 25, 1981. No protests have been received.

PG&E, a California corporation, operates as a public utility under the jurisdiction of this Commission. PG&E 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, PG&E 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.

PG&E 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 such additions to its utility plant.

PG&E plans to have the offering of its utility common stock underwritten by a nationwide group of underwriters who will agree to purchase the common stock under an underwriting agreement to be entered into between PG&E and the representatives of the several underwriters during the fourth quarter of 1981, with the intention that the underwriters will then offer the common stock to the public. The preliminary form of the underwriting agreement is attached to the application as Exhibit C.

The final terms of the underwriting agreement and other terms of the proposed offering, including the price of the common stock,^{1/} the aggregate number of shares to be offered, the

^{1/} On October 15, 1981, PG&E's common stock closed at 21-1/4.

underwriting spread, and the price to be paid to PG&E for the shares of stock will be determined by negotiation between PG&E and the underwriters shortly before the proposed public offering. In no event would the price of the stock to be paid to PG&E by the underwriters be less than 90% of the last reported sale price of the common stock on the New York Stock Exchange prior to the time the price is fixed.

As of July 31, 1981, PG&E's construction expenditures unreimbursed from the sale of securities amounted to \$893,415,000 as shown in Exhibit B attached to the application. PG&E's unexpended balance of General Manager's Authorizations for capital additions and improvements under construction as of July 31, 1981 totaled \$2,960,315,539 of which \$1,280,000,000 is estimated to be spent in calendar year 1981. The distribution of the above construction budget is summarized as follows:

<u>General Manager's Authorizations</u>	<u>Aggregate Amounts</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	<u>22,769,134</u>
Total	\$2,960,315,539

PG&E's capital ratios as of June 30, 1981, adjusted to give effect to the following:

1. The proposed sale of 10,000,000 shares of PG&E's common stock, \$10 par value, at an assumed price of \$23 per share, estimated to produce net proceeds of \$230,000,000;
2. The proposed sale of 10,000,000 shares of PG&E's common stock \$10 par value, at an assumed price of \$24 per share estimated to produce net proceeds of \$240,000,000, for use in connection with its Dividend Re-investment and Common Stock Purchase Plan (A.60897 filed September 14, 1981, currently before the Commission for decision);
3. The sale of PG&E'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);
4. The issue and sale of \$75,000,000 aggregate principal amount of debt securities in connection with a Eurobond offering (D.93265 dated July 7, 1981 in A.60613);
5. The proposed sale of 750,000 shares of PG&E's First Preferred Stock, \$100 par value, at an assumed price of \$100 per share estimated to produce net proceeds of \$75,000,000 (D.93269 dated July 7, 1981 in A.60632); and

6. The proposed sale of PG&E'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 PG&E's construction program and has concluded the 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 specific program and construction expenditures in future rate proceedings. ✓

Findings of Fact

1. PG&E, a California corporation, operates under the jurisdiction of this Commission.
2. PG&E has need for external funds for the purposes set forth in the application.
3. The sale of common stock would not be adverse to the public interest.

4. 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.

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 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.

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 the aggregate amount of 10,000,000 shares of its common stock, \$10 par value, on substantially the terms and conditions contemplated by the application.

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

3. Promptly after PG&E ascertains the underwriting compensation and the price to be paid to the company for the common stock, the utility shall notify the Commission of each in writing.

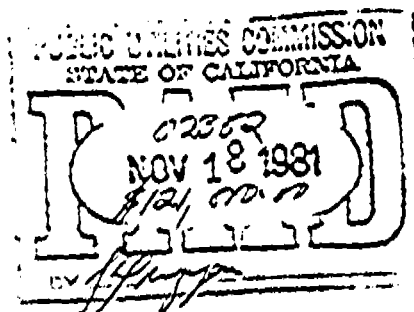
4. As soon as available, PG&E shall file with the Commission three copies of its final prospectus pertaining to the common stock authorized.

5. PG&E shall file the reports required by General Order Series 24.

6. The authority granted by this order will become effective when PG&E pays \$121,000, the fee set by PU Code Section 1904.1. In all other respects this order becomes effective 30 days from today.

Dated NOV 13 1981, at San Francisco, California.

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



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

Joseph E. Bedovius
Joseph E. Bedovius, Executive Director