

Decision 93788

DEC - 1 1981

**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 modified by )  
 Decision No. 90847 dated )  
 October 10, 1979 and Decision No. )  
 91196 dated January 8, 1980) and )  
 authorizing it to issue short-term )  
 notes in a principal amount of )  
 \$146,990,086 in excess of that )  
 authorized by Public Utilities )  
 Code Section 823(c) and prior )  
 authorization. )

Application 60949  
(Filed September 30, 1981)

O P I N I O N

Pacific Gas and Electric Company (PG&E), by this application requests authority (a) to further modify Decision (D.)83597, dated October 16, 1974 in Application (A.)55210, as modified by D.90874, dated October 10, 1979 in A.59079, and D.91196, dated January 8, 1980 in A.59291, and (b) for authority to issue short-term notes in a principal amount of \$146,990,086 in excess of that previously authorized, in view of the limitation placed on issuing short-term notes by Public Utilities (PU) Code Section 823(c).

Authority is sought under ~~the~~ PU Code Section 823(c). ✓

Notice of the filing of the application appeared on the Commission's Daily Calendar of October 2, 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.

As of July 31, 1981, unreimbursed capital expenditures 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 Shares	455,215
Utility Plant Held for Future Use	20,504,084
Common Utility	<u>22,769,134</u>
TOTAL	\$2,960,315,539

In order to obtain sufficient cash for temporary financing of its construction program, PG&E anticipates it will be necessary to borrow through the issuance and sale of short-term obligations payable at periods of not more than 12 months from the date of issuance an aggregate principal amount of not to exceed \$1,200,000,000. The aggregate principal amount is \$842,638,219 in excess of the aggregate amount of 5% of the total of the par value of PG&E's securities outstanding as of June 30, 1981, as shown in Exhibit C attached to the application.

PG&E at the present time, has Commission authorization to incur \$695,648,133 of short-term indebtedness in excess of 5% allowed by PU Code Section 823(c) (A.55210, D.83597, as modified by D.90847 and D.91196). The authorization for that amount will expire on December 31, 1981.

The magnitude of PG&E'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 PU Code Section 823(c).

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.

In addition, PG&E's request for increased short-term note authorization is also based on a provision of Section 823(c) that includes in the amount authorized other obligations on which a public utility is "secondarily" liable. In D.93267 dated July 7, 1981, the Commission, under Section 830, authorized PG&E to increase to \$350 million from \$200 million the amount of liabilities it may assume as guarantor of certain promissory notes and standby bank lines of credit of Alberta and Southern Gas Co. Ltd., a wholly owned subsidiary of PG&E. Any future financial arrangements that would entail PG&E's becoming secondarily liable on behalf of its subsidiaries would also have to be included in the calculation of short-term notes outstanding.

The Commission's Revenue Requirements Division has reviewed the application and concludes that the proposed additional short-term financing is appropriate in the circumstances. The Division has no objections to the proposed short-term financing specified in the application; however, the Division reserves the right to reconsider the reasonableness of any specific 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 petitions the Commission to further modify its D.83597, as modified in D.90847 and D.91196, which authorized the company to issue and sell its short-term obligations in an aggregate principal amount of \$695,648,133 in excess of the authorization provided in PU Code Section 823(c), and to extend the authority for such issuances beyond December 31, 1981.
3. PG&E also requests authority to issue and sell additional short-term obligations in an aggregate principal amount of \$146,990,086 in excess of the authorization provided in PU Code Section 823(c) and prior Commission authorization.
4. The proposed increase in principal amount authorized is for proper purposes.
5. PG&E has need for external funds for the purposes set forth in the application.

6. The money, property, or labor to be procured or paid for by the short-term notes authorized is reasonably required for the purpose specified, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

7. There is no known opposition to this proceeding and no reasons 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 following order should be effective on the date of signature to enable PG&E issue its short-term obligations expeditiously.

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 short-term obligations in the amount of \$146,990,086 in addition to the \$695,648,133 previously authorized by D.83596, dated October 16, 1974 (as modified by D.90874 dated October 10, 1979 and D.91196 dated January 8, 1980), for a total of \$842,638,219, in excess of the limitation of PU Code Section 823(c), for the purposes and in accordance with the conditions set forth in the application.

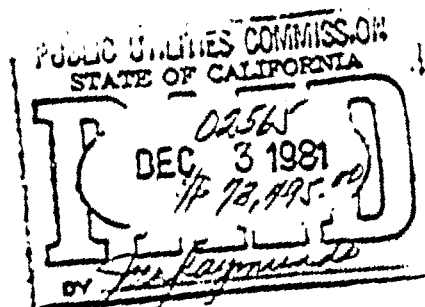
2. D.83597 dated October 16, 1974, in A.55210, as extended and modified, is further extended and modified to authorize PG&E, on or after the effective date of this order, to issue and sell its short-term obligations in an aggregate principal amount of \$842,638,219 in excess of the limitation of PU Code Section 823(c).

3. On or before the tenth day of each month, PG&E shall file with the Commission a summary for the preceding month showing the aggregate amount of notes issued and the purposes for which they were issued. The filing shall be in lieu of reports required under General Order Series 24.

4. The authority granted by this order to issue short-term obligations will become effective when PG&E pays \$73,495, the fee set by PU Code Section 1904(b).

Dated DEC - 1 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 ABOVE  
COMMISSIONERS TODAY.

*[Signature]*  
Joseph E. Bedovitz, Executive Director