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Decision No. 12139.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA

In the Matter of the Application of)
SAN DIEGO CONSOLIDATED GAS AND ELEC-)
TRIC COMPANY, a corporation, for an)
order authorizing the issuance and)
sale of \$1,438,000, par value, of)
its First and Refunding Six Per Cent)
Bonds, \$550,000.00, par value, of its)
First Mortgage Bonds, and \$674,400.00,)
par value, of its Preferred Stock.)

Application
Number
8970

Cummins, Roemer & Flynn; Sweet, Stearns & Forward; and
Chickering & Gregory, by Allen L. Chickering,
for applicant.

BY THE COMMISSION:

O P I N I O N.

In this application, as amended, the Railroad Commission is asked to make an order authorizing SAN DIEGO CONSOLIDATED GAS AND ELECTRIC COMPANY to issue and sell \$550,000.00 of first mortgage five per cent. bonds due March 1, 1939, \$1,438,000.00 of Series "C" first and refunding mortgage six per cent. bonds due March 1, 1947 and \$674,400.00 of its seven per cent. preferred or common stock.

A public hearing in the application was held before Examiner Fankhauser in San Francisco.

San Diego Consolidated Gas and Electric Company, as of January 31, 1923, reports \$3,025,000.00 of common stock and \$4,525,800.00 of seven per cent. cumulative preferred stock outstanding. As of the same date, it reports issued \$5,130,000.00 of first mortgage five per cent. bonds due March 1, 1939, \$2,750,000 of Series "A" first and refunding mortgage six per cent. bonds due

March 1, 1939, \$1,500,000.00 of Series "B" first and refunding mortgage five per cent. bonds due March 1, 1947, and \$550,000.00 of five year six per cent. collateral trust notes due July 1, 1923.

The record shows that the payment of \$550,000.00 of collateral trust notes due July 1, 1923, is secured by the deposit of \$688,000.00 of first mortgage bonds. The notes were issued and the bonds pledged pursuant to authority granted by the Commission in the order in Decision No. 5502, dated June 19, 1918, which provides, among other things, that upon payment of the notes, or any part of them, a proportionate amount of the bonds pledged should be returned to applicant's treasury and thereafter issued only upon further order of the Commission. The company intends to deliver \$138,000.00 of these hypothecated bonds to the trustee under its first mortgage for cancellation and to sell the remaining \$550,000.00 at not less than 86 per cent. of their face value and accrued interest to obtain funds to pay in part the \$550,000.00 of notes at maturity. If the bonds are sold at 86 per cent. of face value net, applicant will realize \$473,000.00, leaving \$77,000 to be obtained from the sale of stock. To secure \$77,000.00 calls for the issue and sale of \$79,000.00 of stock at 97-1/2 per cent. of par value.

Applicant reports that from March 31, 1921 to January 31, 1923, it expended for the acquisition and construction of properties the sum of \$4,044,055.81. It estimates its capital expenditures for the remainder of 1923 at \$3,001,336.10, including \$487,854.98 for the purchase of an office building. The two items aggregate \$7,045,391.91. Deducting cash from earnings, proceeds from the sale of stock and bonds heretofore authorized and making minor adjustments leaves a balance of \$1,940,528.00 of construction expenditures for the financing of which no provision has been made. To pay in whole or in part such expenditures, applicant asks per-

mission to issue and sell \$1,438,000.00 of first and refunding 6 per cent. bonds and \$595,400.00 of 7 per cent. preferred or common stock. It asks authority to sell the bonds at not less than 93 net; the preferred stock at not less than \$97.50 per share net; and the common stock at not less than \$100.00 per share net.

O R D E R.

SAN DIEGO CONSOLIDATED GAS AND ELECTRIC COMPANY having applied to the Railroad Commission for permission to issue and sell stock and bonds, a public hearing having been held and it appearing to the Railroad Commission that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes specified herein, and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED, that SAN DIEGO CONSOLIDATED GAS AND ELECTRIC COMPANY be, and it is hereby, authorized to issue and sell, \$550,000.00 of its first mortgage bonds, due March 1, 1939, \$1,438,000.00 of its Series "C" first and refunding mortgage bonds due March 1, 1947, and either \$674,400.00 of its preferred stock or \$674,400.00 of its common stock, or such portions of either class of stock as it may elect to issue, but in the aggregate not exceeding \$674,400.00.

The authority herein granted is subject to the following conditions:

- 1.--The first mortgage bonds shall be sold at not less than 86 per cent. of their face value, plus accrued interest, net; the first and refunding mortgage bonds at not less than 93 per cent. of their face value, plus accrued interest, net; the preferred stock at not less than

97-1/2 per cent. of its par value plus accrued dividends, net, and the common stock at not less than par net to the company.

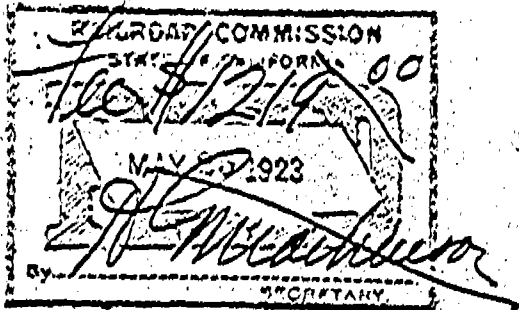
2.--Applicant may use the proceeds from the sale of the \$550,000.00 of first mortgage bonds and from not exceeding \$79,000.00 of stock to pay the \$550,000. of collateral trust notes due July 1, 1923. The proceeds from the sale of \$1,438,000.00 of first and refunding mortgage bonds and the proceeds from the sale of such stock herein authorized and not used to pay collateral trust notes shall be used to finance in whole or in part the construction expenditures referred to in this application and in the foregoing opinion, provided that only such expenditures as are properly chargeable to capital account under the uniform classifications of accounts prescribed or adopted by the Railroad Commission may be financed through the use of proceeds from the sale of bonds and stock.

3.--Applicant shall keep such record of the issue, sale and delivery of the stock and bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4.--The authority herein granted to issue stock will become

effective upon the date hereof and the authority to issue bonds will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$1,219.00. The authority to issue stock and bonds will expire on February 28, 1924.

DATED at San Francisco, California, this 25th day of May, 1923.



Clancy

Livingston
Egerton

Commissioners.