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Decision No. 13370.

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 issue and sale) Application Number 9888.
of its preferred stock of the par)
value of \$500,000.00.)

ORIGINAL

Chickering and Gregory,
by Allen L. Chickering, for Applicant.

BY THE COMMISSION:

O P I N I O N

In this application, San Diego Consolidated Gas and Electric Company asks permission to issue and sell at par \$500,000. of its seven percent. cumulative preferred stock for the purposes to which reference is made in this decision.

San Diego Consolidated Gas and Electric Company has an authorized capital stock of \$20,000,000. divided into \$10,000,000. of common and \$10,000,000. of seven percent. cumulative preferred stock. As of January 31, 1924 the company reports \$3,032,500.00 of common stock and \$5,508,900.00 of preferred stock outstanding. As of the same date it reports its bonded indebtedness as \$11,368,000. consisting of \$5,680,000.00 of first mortgage five percent. bonds due 1939, \$2,750,000.00 of series "A" first and refunding mortgage six percent. bonds due 1939, \$1,500,000.00 of series "B" first and refunding mortgage five percent. bonds due 1947, and \$1,438,000.00 of series "C" first and refunding mortgage six percent. bonds due 1947. Other indebtedness as of the same date is reported as \$90,200.00 of notes payable, \$172,886.92 of accounts payable and \$13,400.78 due

affiliated companies. For the year ending December 31, 1922 and the year ending December 31, 1923, the company reports revenues and expenses as follows:-

<u>ITEM</u>	<u>1922</u>	<u>1923</u>
<u>Operating Revenues:</u>		
Electric	\$2,154,126.78	\$2,273,252.36
Gas	1,562,106.39	1,477,735.83
Steam	55,293.45	51,610.89
TOTAL.....	<u>\$3,771,526.62</u>	<u>\$3,802,599.08</u>
<u>Operating Expenses:</u>		
Electric	\$1,375,335.26	\$1,205,609.67
Gas	1,096,109.24	1,057,725.08
Steam	45,768.89	36,026.01
TOTAL.....	<u>\$2,517,213.39</u>	<u>\$2,299,360.76</u>
<u>Net Operating Revenues:</u>		
Electric	\$ 778,791.52	\$1,067,642.69
Gas	465,997.15	420,010.75
Steam	9,524.56	15,584.88
TOTAL NET OPERATING REVENUE	<u>\$1,254,313.23</u>	<u>\$1,503,238.32</u>
<u>DEDUCT:</u>		
Bond interest	\$ 447,079.17	555,025.66
Note interest	33,000.00	16,500.00
Other interest(credit) .	141,712.54	125,699.50
Amortization of debt dis- count and expense	65,644.37	62,982.14
Depreciation	306,458.99	417,610.82
TOTAL DEDUCTIONS. . .	<u>710,469.99</u>	<u>926,419.12</u>
BALANCE AVAILABLE FOR DIVIDENDS	<u>\$ 543,843.24</u>	<u>\$ 576,819.20</u>

The company, heretofore, by Decision Number 13024 made in Application Number 9624 dated January 10, 1924, was authorized to issue and sell \$500,000.00 of preferred stock to pay in part for construction work during 1924. In that application, which was filed with the Commission on December 19, 1923, the company estimated its construction expenditures during 1924 as \$2,615,000.00 segregated as follows:-

Gas Properties:

Production \$688,900.00
Distribution 663,200.00

Total gas properties \$1,352,100.00

Electric Properties:

Production \$145,400.00
Distribution 665,500.00

Total electric properties 810,900.00

Steam Properties:

12,000.00

General:

440,000.00

TOTAL \$2,615,000.00

The present application shows that the company expended \$181,944.88 for additions and betterments during January, 1924, which, deducted from the estimate of \$2,615,000.00, leaves a balance of \$2,433,055.12 for the remaining eleven months of the year. It appears that subsequent to March 31, 1921 and prior to January 31, 1924 the company's net construction expenditures aggregated \$7,339,538.15, which added to the \$2,433,055.12 results in a total of expenditures, actual or estimated, since March 31, 1921 and up to December 31, 1924, of \$9,772,593.27. From this amount applicant deducts \$90,230.07 representing property retired, \$832,941.45 representing earnings invested in properties, and \$6,965,502.00 representing proceeds received from the sale of securities heretofore authorized by the Commission, leaving a balance of \$1,883,919.75 which it reports has not been provided for through the issue of stock or bonds.

It is to finance a portion of this reported uncapitalized balance of \$1,883,919.75 that applicant now asks permission to issue and sell an additional \$500,000.00 of stock. While it asks permission to sell its stock at par, it reports that it may be called upon to expend not exceeding five percent. of the proceeds to pay commissions and selling expenses.

O R D E R

San Diego Consolidated Gas and Electric Company having applied to the Railroad Commission for permission to issue and sell \$500,000.00 of its preferred stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expense 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 for cash at not less than par \$500,000.00 of its seven percent. cumulative preferred stock.

The authority herein granted is subject to further conditions as follows:-

1. Of the proceeds obtained from the sale of the stock herein authorized, applicant may use an amount not exceeding five percent. of the par value of stock sold to pay commissions and other expenses incident to the sale of the stock. The remaining proceeds and such portion of the five percent. not necessary to pay commissions and selling expenses may be used by applicant to finance in part such cost of extensions, additions and betterments described in this application and referred to in the foregoing opinion, as is properly chargeable to fixed capital accounts under the uniform system of accounts prescribed and adopted by this Commission.
2. San Diego Consolidated Gas and Electric Company shall
issue and
keep such record of the sale of stock 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.

3. The authority herein granted to issue stock will become effective upon the date hereof. None of the stock herein authorized to be issued may be issued after December 15, 1924.

DATED at San Francisco, California, this 24 day of April, 1924.

O. Kearney

Ernest Shore

J. H. Wittman

Commissioners.